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POLITICAL SCIENCE QUARTERLY

THE PROBLEM OF AGRICULTURE

1. *The Need for Continuous Agricultural Activity*

TO some students of economics it may seem utterly obvious to remark that a condition of evolution for man has always been the soil of the earth's surface, because out of it have come continuously, so far, the materials for the supply of his food, his clothing and his shelter; but in these urbanized times it does no harm to be reminded occasionally of even so elementary a fact. A generous soil makes a good living possible; a niggardly soil breeds poverty; though he would be a bold prophet now who would have the temerity to predict that this condition would continue permanently; for we know—as our ancestors did not—that the same chemical elements with which man has always ignorantly and blunderingly supplied himself from plant sources, exist abundantly in the air, the water and the earth, locked though they are in chemical unions which we only slowly learn how to dissolve. We may, in time, emancipate ourselves from our long bondage to plants—but we are far from it yet; we still have need of ingenuity in persuading the soil to yield a richer crop of vegetable life. It is true that we sometimes feed these plants to other animals and then make use of the animals; but this is so short a remove from the direct use that our dependence is not the less clearly perceived because of it.

Man has, in a sense, always resented this bondage of his to the soil and has escaped from it whenever he could. Civilizations usually are not measured by the excellence of their agriculture, though they may have a firm foundation only in this

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excellence. They are rather known for superiority in the activities that are furthest removed from the soil: witness the arts of Greece, the laws of Rome and the theologies of the Middle Ages.

It is only comparatively recently, indeed, that the race has submitted to its yoke and begun seriously to cultivate the materials that in prehistoric times were garnered from a generous earth in their wild states. And this submission was not because man wanted to till the soil—that he enjoyed it as he enjoyed hunting or canoemaking or any of the other activities of a nomadic existence—but because there were certain other advantages that could not be had unless farming was done. Permanent communities were among these advantages, and all the pleasant features of settled village life. This village life—urbanism—*is* civilization. Farming only makes it possible.

At first, methods were very crude and the yields of the soil very scant. Gradually, however, improvements in technique were made. And then it was that farming became a specialized industry. Some persons in the community were lucky enough to escape altogether. This meant that some others could not escape at all. The division had begun that has persisted until the present time. Of course, for ages and ages, nearly everyone had to work on the soil. It was not until the period known to historians as the agricultural revolution that it became possible for any considerable proportion of the population to separate themselves definitely from agricultural pursuits and move to the city. This revolution was characterized by the introduction of certain new crops—notably root crops which made a succulent winter food for both animals and human beings (something which had been entirely lacking before) and the leguminous plants, peas, beans, vetches, clovers, which were discovered to add to rather than to detract from the fertility of the soil. Until this time fields had lain fallow every third year. Now a crop could be grown even in that season. These were immensely significant gains upon nature for the human race and made possible the gathering of considerable numbers of people in towns, and finally the industrial revolution, so called. For now the increased production of the farms created surpluses of

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raw material to be made up into usable goods in the factories, and furnished the food and clothing of the people who worked there.

In a certain large sense this movement of emancipated farmers to the cities has never ceased, though it has gone on at different rates in different times and places. The nature of American potentialities, including as it did extensive areas of unoccupied and fertile lands, made it inevitable that for a long time our predominant culture should be a rural one and that all our institutions should be moulded upon this fact. Not until the beginning of the present century did the long-run forces have an opportunity to show their real nature here. But now they appear clearly, accentuated every little while by the impetus city-ward of one of those periods of price declines which hit the farmer so much harder than anyone else, and of which we shall have so much to say a little later here. In reality the movement of emancipated farmers to the city has never permanently stopped. As rapidly as they could find even a poor living in cities people have gone there. They are incorrigible and perverse in their love for the towns. The hazards of unemployment are great; the other drawbacks are manifest; but they choose to go. And the fields that once grew hay and grain, lie lovely but unfruitful with coverings of daisies, wild grasses, golden-rod and thistles. Anyone who doubts this can reinform himself from any number of the *Yearbook* of the United States Department of Agriculture. In 1922 Secretary Wallace made it clear, for instance, that 1,200,000 farmers in our country alone had left the farms permanently.[1] Another series of figures indicates the same tendency: of all habitable farm houses in the United States 4.7 per cent were vacant in 1920; 5.7 per cent in 1921; and 7.3 per cent in 1923. A Michigan survey in 1923 showed that 10 per cent of the state's farms were vacant and 13 per cent only partly worked; and a

[1] These figures are net. Really 2,000,000 people left the farms and about 880,000 left the cities to go to the farms. The total farm population is about 31,360,000, so that the movement involved about 3.6 per cent of the total farm population.

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survey in New York in that same year revealed a decline of 3 per cent in the farm population. This meant a net shift to the city in that single year of 26,000 people.

Persons habituated to an old order, to a rural culture, as most Americans of the present older generation are, so recent has been the growth of industrialism here, will feel a tightening of their heart strings as they contemplate the cold statistics which indicate the abandonment of an old and familiar way of life. They picture the venerable wide-shouldered house, under its ancient elms, delivered up to the destructive elements, its broken windows, like blinded eyes, staring unseeing at an unfamiliar world. And for all Americans who were raised in the rural tradition there must be this lingering regret. The significance of the change, too, is deeper than is seen at first. The passing of the rural home is the end of many things: the close-knit co-operative family life goes with it. And the institutions of the new world which will replace the old have not yet begun to take definite shape. We can see the ruins of the old life more clearly still than we can see the rising outline of the new.

But all this does not mean, significant as it is, that we no longer expect and need from the soil the materials it yields. We need them, on the contrary, in greater and greater quantities. The only reasons, basically, that farming can be a dwindling occupation are (1) that we get more products with the labor of fewer people and (2) that we make better use of the products we do get. And both these reasons are present ones. The size of crop yields does not diminish—though it fluctuates—and we do get more out of the yields in the way of finished goods than we used to do.

Why then, it will be asked, if this process, this quite normal process, of farm-abandonment is going on decently and continuously, is there an agricultural problem that is so acute as we all know it to be? And the answer is to be found in the same kind of an analysis that we would make of the problem of any other industry. Farmers are poor, they are subject to risks and uncertainties, they are exploited by classes stronger than they, they desire a higher level of life, processes of production are shifting—all these sound like the problems that face any other

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group in the community. And in a way they are, though we may find them more acute for farmers than for others. Basic problems of both agriculture and the other kinds of industry arise from the fact of the shifting significance of each in relation to the other. Industry still depends on agriculture and a certain ratio of the activities of each to the other must still be maintained if trouble is not to come. But this is a ratio of total activities and not specific ones. It must be remembered that there is no governing body to say how this balance shall be kept. We depend here, again, as in most industrial areas, upon the ordinary business system of rewards and penalties.

Perhaps a few figures, misleading as such quantitative descriptions must always be, may help to bring home to the reader's mind the immense significance of agriculture as a basic industry. According to the census of 1920 there were 6,448,000 farms in the United States; and because the average farm family is estimated at slightly less than 5 persons, we may estimate that about 25 per cent of our population lives on farms. These farms represented in 1922 about $75,000,000,000 of our wealth, or, if we accept $320,000,000,000 as the approximate figure of our total wealth, about one-quarter of all the wealth of the country. Farm land and farm buildings in 1922 represented about 38 per cent of the value of all the real estate of the nation. The value of agricultural products in 1919, the last census year, was, as we shall see, as great as the values of goods added by manufacture; and more than five times as great as the value of all mineral products, including coal and iron. And if these figures are not sufficiently impressive the student might remember that the capital employed in agriculture in 1919 was over ten times that employed in producing mineral products and nearly double that employed in all of manufacturing.[1] That this highly significant basic industry, employing so much of human effort and so large a part of our accumulated surplus, should fall periodically into a state in which it is threatened with injury in ways that cannot easily be repaired, forms a problem sufficient to challenge the intelligence of any student.

[1] $75,000,000,000 as compared with $44,000,000,000 in manufacturing.

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2. *The Exchange of Agricultural for Industrial Goods*

Agriculture furnishes to the rest of the industrial system its raw materials; it expects to receive from the industrial system the manufactured goods it needs, and, as might be anticipated, there is sufficient evidence to show that, over a considerable time, there has been a remarkably exact correlation between the figures representing the value of the gross product of agriculture and those representing the gross product added by industry.[1]

Year	*Value of All Farm Products*	*Value Added by Manufacture*
	(In Millions of Dollars)	
1899	$4,717	4,831
1904	6,122	6,293
1909	8,558	8,529
1914	9,895	9,878
1919	24,982	25,500

These figures mean, of course, that no matter what the gross physical product of either agriculture or the industries that manufacture goods from agricultural raw materials, the total dollars received by either group will in the long run about equal the total number received by the other group.

If one of them should show a marked departure from the physical norm of production it would mean that manufactured products or agricultural products, as the case might be, would become suddenly overvalued, and the other group of products undervalued—possibly so much that there might be losses to their producers. This is because total values remain the same though quantities vary mightily.

When Mr. Friday shows that the annual gross value of agricultural goods approximately equals that of manufactured goods, a whole range of human and economic problems is revealed. When a billion-bushel wheat crop yields no more real income to its producers—income, that is, in the manufactured goods they want to buy—than a crop only half so large, it means that millions of farmers have toiled and expended to produce a half-billion bushels of wheat for which they have received no pay-

[1] After David Friday, "Agriculture and the Business Revival", *New Republic*, vol. xxix, p. 120, December, 1921.

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If they had saved their effort and grown a crop only half so large they could have bought as many, or nearly as many, goods. Also they might have saved their extra direct expenditures for labor and for the capital goods used in fitting the land, tending the crop, and harvesting it; they are thus worse off as a result of an abnormally large crop than would be indicated even in the fact of their having received for it only the price of one half so large.

And this excessive expense has to be met. It comes out of previous savings or out of reductions in other current expenditures and, aside from the serious effects of reduced consumption by farm businesses—which means that farms are running down hill—and farm families—which means actual deprivation and want—there is an inevitable dangerous reaction upon manufacturing industry itself, for, remember, gross values here can be no larger, apparently, than in agriculture; manufactured goods are paid for by farm products. Somewhere and somehow industry will have to find ways to meet reduced farm consumption. It can meet this situation more easily than farmers can meet reduced consumption of their products by industry—that is by shutting down plants, discharging workmen and cutting expenses generally—but this is no solution of the problem that is posed, which is, in essence, that of maintaining a proper balance between these two great forms of industry.

Agricultural goods are certainly undervalued when a billion bushel yield returns no more to its producers than a crop perhaps half so large would return—undervalued, that is, in terms of other goods. A bushel of wheat, a pound of wool, a ton of hay, or a bale of cotton that will not buy as many shoes or shirts or as much machinery one year as another is a source of disturbance in the economic system, an inevitable disturbance to *laissez-faire* believers, but to more modern students an unnecessary and troublesome one. We are no longer convinced that it is necessary to depend altogether upon the clumsy mechanisms of unregulated price determination to reduce or spur consumption as production varies, especially when the effects on productive forces are so disastrous as we clearly see them to be in agriculture.

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The resulting disturbance to the national economy may be a profound one; because somehow the balance has to be restored and this is an extremely painful process. If, for instance, agricultural products are found to be undervalued, the situation of individual agriculturalists is this: the prices they receive for their crops are abnormally low; the prices they must pay for manufactured goods—food, clothing, machinery, lumber, supplies—are abnormally high. They go into debt by borrowing at a bank; they cannot repay their loans; and then the bank becomes involved. If they restrict their buying, their levels of living are lowered, their equipment deteriorates and their earning power is reduced still lower; also, when all the farmers reduce their buying, the factories eventually find themselves with fewer orders, the transport systems with unused facilities, and the merchants with a restricted volume of trade.[1]

Perhaps this makes it clear why "the balance must be restored". Neither agricultural nor manufacturing producers can go on operating at losses. If they are losing there must come either (1) cessation of operations or (2) such a revaluation of plant and equipment that earnings do show a profit.

Manufacturers, it is clear, can stop operations, or restrict them, more easily than can farmers. Farmers' operations are pretty much determined by the seasons—as big in one year as in another, regardless of the exchange value of the product.[2]

[1] For a discussion of the agricultural depression of 1920-24 see G. F. Warren, "The Agricultural Depression", *Quart. Jour. Econ.*, vol. xxxviii, pp. 183-213, February, 1924. Also Bruce Bliven, "The Frightened Farmer", *Atlantic Monthly*, vol. cxxxiii, p. 686, May, 1924. Or even better, the student might consult the *Report of the Joint Commission of Agricultural Inquiry* (67th Congress, 1st Session, Report No. 408); Part 1, "The Agricultural Crisis and its Causes", which appeared in 1921, and the *Report of the National Agricultural Conference* of January 23-27, 1922 (Washington, Government Printing Office, 1922). These are referred to more at length later on. Other discussions of greater or less value are R. R. Enfield, *The Agricultural Crisis*, 1920-23 (a British discussion); Herbert Quick, *The Real Trouble with the Farmer;* and E. G. Nourse, *American Agriculture and the European Market.* The student might also consult various issues of the *Farm Economics Journal* as well as articles that appear occasionally in the *Journal of Political Economy. Cf.* for instance, "The Economic Future of our Agriculture," By C. L. Holmes in vol. xxxii (October, 1924).

[2] This will be explained more fully later on.

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For this reason farmers are apt to have to bear more of the burden of revaluation than tradesmen or manufacturers; and the bearing of this burden involves bankruptcies on a wholesale scale,[1] sale of properties at great losses, and eventually a new start on a lower level.

The question may be asked: how, if their gross annual values are approximately equal, can either agricultural or manufactured goods be said to be over—or under—valued? The answer to this is, that, although the numbers of dollars received by farmers approximately equal the numbers received by manufacturers, in no other sense is there an equality. For, in order to maintain this parity of exchange, farmers have often had to sell their goods consistently for less than their cost, often, even, dropping to the level of bankruptcy. The same situation may sometimes have come about in manufacturing but there it could not continue, for manufacturers keep accounts which give a true picture of costs. Farmers are apt to undervalue their own services or those of other members of their families. The consistent undervaluation of farm products then, may truly be said to be represented in the unpaid labor of men and women and children in fields and barns and stables in extremes of cold and heat, underfed, ill clothed and badly equipped with the tools of their craft. The human tragedy involved is beyond the economist's estimate. In such a process as this the best individuals in the community—men who have the enterprise to become farm-home owners, who are accustomed to meet their obligations, who have young families to support—are ruined by forces utterly beyond their control or even their ability to foresee. And one of the more painful elements of the situation is the fact that the more they have saved, the more enterprising they have been, the greater their losses must be. "In a year like the present one," says Professor Warren, "the man who farms best is punished most."[2] And even to the impartial ob-

[1] For the United States as a whole in 1920 farm bankruptcies were 6.4 per cent of all bankruptcies. By 1923 the percentage had risen to 17.4. See p. 14 of the report of the Committee on Agriculture of the House of Representatives on the McNary-Haugen Bill (H. R. 9033), Government Printing Office, 1924.

[2] *Report of the National Agricultural Conference*, p. 62.

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server this seems to be no exaggeration. This frustration of the very best of human impulses by the blind operation of industrial forces is one of the penalties we pay for having permitted the growth of an uncontrolled and unplanned system, one, that is, controlled only by the late and uncertain operations of our clumsy market mechanism, with its private-business middlemen and its uncertain responses to actual situations of supply and demand.

3. *The Vulnerable Farmer*

But the student will be curious to know exactly how such a serious situation arises. In the case of the depression of 1920–4, the beginning seems to have been in the recession of the general price level that followed the war. To have a complete explanation it would be necessary to trace all the antecedents of this recession; but perhaps it will be allowable, in the interest of escaping irrelevant discussion, to take this recessive movement as a starting point. If we do this and then begin to trace price movements over a period of years we see that the reactions of the other prices to the general price level are quite different from the reactions of prices paid to farmers for food. Professor Warren has charted this relationship for the years 1915–1923.[1] This chart appears on the next page.

A study of this chart reveals quite clearly the danger our economy is constantly in from a lack of balance among related industrial forces. First, for the years 1915–1919 food prices paid to farmers were relatively too high; then they fell rapidly until they were relatively far too low. Apparently in a time of rising prices farmers gain at the expense of others in the community; and in a period of deflation, they lose to others' profit.[2]

That this is, indeed, true, is made clear in any study of relative price movements in these years. The Agricultural Com-

[1] "The Agricultural Depression", *op. cit.*, p. 186. Professor Warren uses index numbers with a base supplied by the average prices during the years 1910-14.

[2] It must not be inferred, however, that they gain as much in a period of rising prices as they lose when prices are falling. There is no compensatory law which arranges such an equitable result. In fact, they lose much more than they gain, as will appear in the cited tables.

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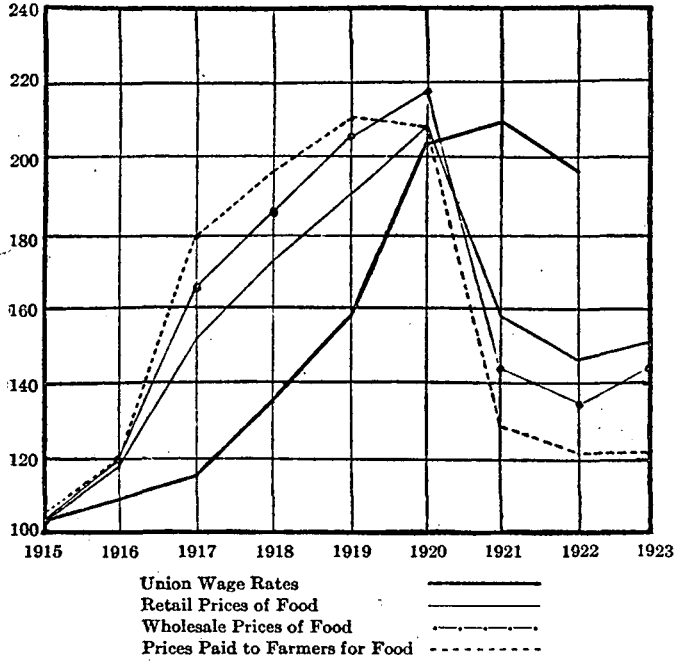
THE AGRICULTURAL DEPRESSION



mittee of the House of Representatives used this argument effectively in reporting the McNary-Haugen bill for passage, referring especially to the following table:

INDEX NUMBERS OF PRICES [1]
(1910-1914 = 100)

Year	Prices paid to farmers for farm products	Wholesale prices of all commodities	Year	Prices paid to farmers for farm products	Wholesale prices of all commodities
1910	104	103	1919	215	210
1911	94	95	1920	214	231
1912	99	101	1921	119	150
1913	99	102	1922	124	152
1914	101	100	1923	137	157
1915	101	103	1924		
1916	119	130	January	143	154
1917	180	181	February...	142	155
1918	206	198			

[1] The author wishes to acknowledge his indebtedness to Roy and Alice

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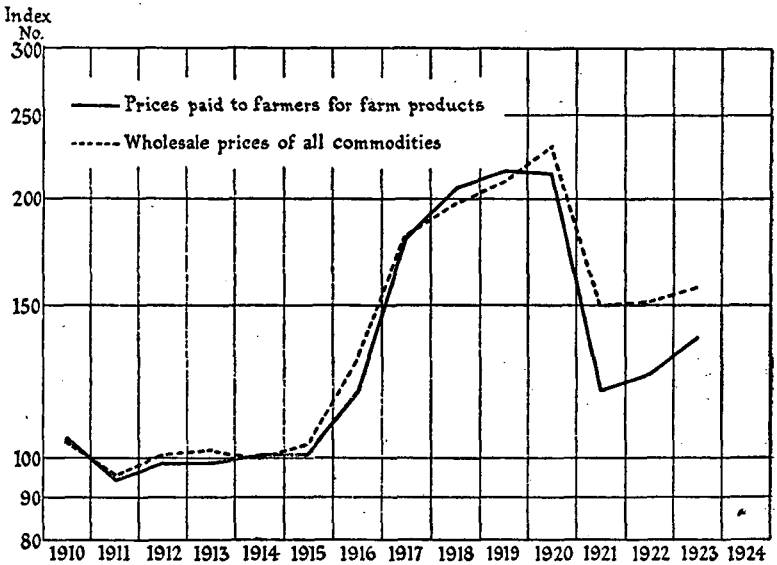
Of these figures the report remarks:[1] "In 1921 the prices paid to farmers for farm products averaged 19 per cent above the five-year pre-war average. Prices of all commodities averaged 50 per cent above the pre-war level. That is, farm products exchanged for 79 per cent of the pre-war amount of general commodities (including agricultural commodities), or the purchasing power of farm products was 79. Similarly, in 1922 their purchasing power was 82. In 1923 the average was 87." Charted, this appears as follows:

INDEX NUMBERS OF PRICES



Since the farmer buys at retail prices, which were 10 to 15 points higher than wholesale,[2] the actual exchange was less favorable. And because the general price level is lowered by the inclusion of farm products, the ratio of prices paid to farmers for farm products to the prices of commodities other than farm products is much less favorable than the comparison indicates.

This being true, another statistical device was used to give a more accurate picture. The weighted average price paid to

Stryker of Columbia University, for invaluable aid in the computation and re-computation of many of the figures in this article and in their graphic representation.

[1] P. 21 of the report.

[2] See p. 20 of the report.

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farmers was divided by the general price level. The following table resulted:

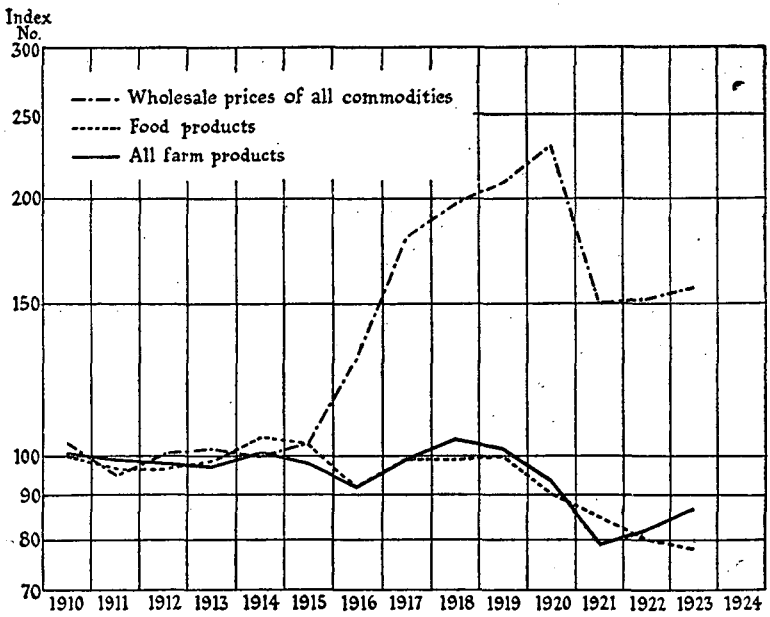
PURCHASING POWER OF FARM PRODUCTS

(1910-1914 = 100)

Year	Wholesale prices of all commodities	Food products	All farm products
1910	103	100	101
1911	95	97	99
1912	101	97	98
1913	102	99	97
1914	100	105	101
1915	103	103	98
1916	130	92	92
1917	181	99	99
1918	198	99	104
1919	210	100	102
1920	231	90	93
1921	150	85	79
1922	152	80	82
1923	157	78	87
1924			
January	154	79	93
February	155	79	92

Graphically represented, this appears as follows:

PURCHASING POWER OF FARM PRODUCTS



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In fairness one other consideration must be mentioned. In presenting figures showing that the purchasing power of the farmer's dollar has shrunk, that he is more often worse than better off, it must be kept in mind that comparisons have been made really between two standards of living. When we say that the farmer's purchasing power has shrunk what we really mean is that it has not kept up with the increased purchasing power of the townsman's dollar. The power of the farmer to command goods has not gone down, perhaps, absolutely, though it may have; but it certainly has not risen with the general rise in living levels. Progress is faster for some industrial groups than others. It is slowest for farmers because they have been unable to employ modern weapons in the struggle. They use swords against rifles, cannon-balls against shrapnel shells. There is no other ready solution for this problem except the modernizing of their armament. Agriculture is in danger of standing still while the rest of us go ahead: these figures do reveal that. And we make a gain in the precision of our thinking by a study of them, although we recognize their limitations. Perhaps we may profitably go a little further along the same line.

In the following table are given farm-price indexes and wholesale-price indexes of non-agricultural commodities together with the purchasing power of farm products. The wholesale-price index column is based upon the Department of Labor indexes; and the farm-price indexes were compiled by the Department of Agriculture.[1] Purchasing power, in the last column, represents the relationship between prices at the farm of farm products and wholesale prices of non-agricultural products, unit quantities being considered in each case.

Careful study of this table will tell the student more about the lack of equilibrium that periodically exists between the values of farm products and those of manufactured products than any other comparable effort could convey. In recent years the balance has been in favor of agriculture in 1914, 1915, 1917, 1918 and 1919; but the index never rose to more

[1] Mr. Louis H. Bean, economist attached to the Division of Statistical and Historical Research, was of considerable assistance.

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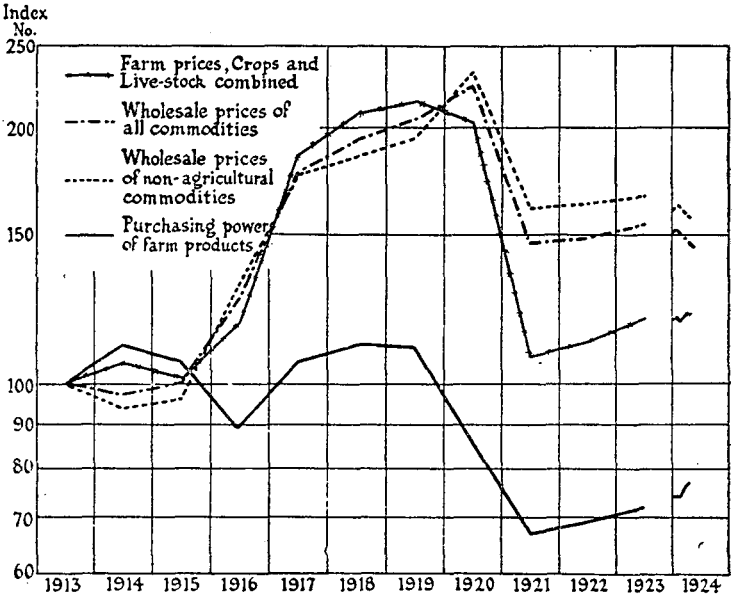
SUMMARY OF PRICE INDEX NUMBERS, 1913 BASIS ONLY

(1913 = 100)

Year and Month	Farm prices, crops and live-stock combined	Wholesale prices of all commodities	Wholesale prices of non-agricultural commodities [1]	Purchasing power of farm products [2]
1913	100	100	100	100
1914	106	98	94	112
1915	102	101	97	106
1916	118	127	132	189
1917	186	177	176	106
1918	208	194	186	112
1919	216	206	195	111
1920	203	226	234	86
1921	108	147	161	67
1922	112	149	163	69
1923	120	154	167	72
1920 (Feb.)	215	232	234	91
1921 (Feb.)	119	160	178	67
1922 (Feb.)	107	141	149	71
1924				
January	119	151	160	74
February	120	152	162	74

SUMMARY OF PRICE INDEX NUMBERS



[1] "All commodities", excluding farm products and food.

[2] Expressed in terms of non-agricultural commodities.

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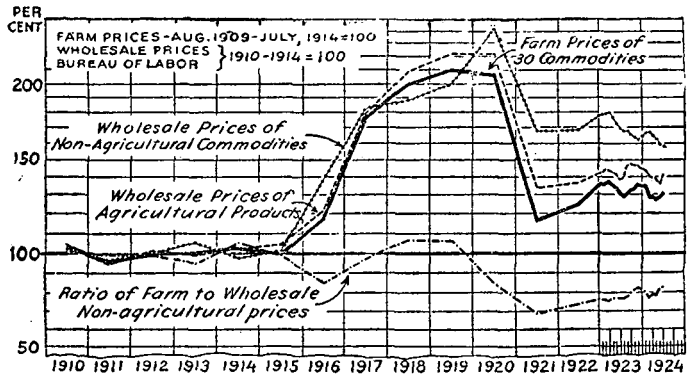
than 112. In 1921, in contrast, it sank to 67, 33 points below equilibrium. And in the fall of 1924 it still remained seriously low.

All available statistics substantially concur in revealing these facts.[1] But just one more chart will be used to display graphically the economic disadvantage of farmers. This one serves to confirm the observations already made. It is taken from *Crops and Markets* of the Department of Agriculture,[2] September, 1924:

FARM PRICES AND WHOLESALE PRICES OF AGRICULTURAL AND NON-AGRICULTURAL PRODUCTS


PER CENT
FARM PRICES-AUG. 1909-JULY, 1914=100
WHOLESALE PRICES 1910-1914=100
BUREAU OF LABOR
200
150
100
50
Farm Prices of 30 Commodities
Wholesale Prices of Non-Agricultural Commodities
Wholesale Prices of Agricultural Products
Ratio of Farm to Wholesale Non-agricultural prices
1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924

It may be as well to consider at this point a question that is certain to be asked: how does this well-established fact of utterly different relationships to the price level exhibited by these two great classes of goods, affect Mr. Friday's generalization of an equivalence in the money valuations of the two groups of products? The answer is that one is the trend of prices alone and that the other represents price multiplied by volume. The apparent balance in the one case and lack of it in the other shows, for one thing, the inability of the money incentive to call out properly adjusted effort and, for another, the feeble adjustment potentialities possessed by our market mechanisms.

[1] That is, American statistics: R. R. Enfield's recent book, *The Agricultural Crisis*, seems to indicate a significantly different situation in the United Kingdom. *Cf.* p. 23 of that book.

[2] Vol. 1, p. 319.

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The number of dollars in circulation is shrinking at such a time, it must be remembered, and manufacturers are simply getting relatively more than are farmers for each unit of product they turn out. The number of dollars in farmers' hands at the end of the year may equal those in manufacturers' hands; but manufacturers are able to buy a relatively increased volume of agricultural goods. That there is a monetary equilibrium only makes clearer the fact that there is not an equilibrium in any other sense. It also shows, however, the mutually equal dependence of each form of industry upon the other and the seriousness of any interruption of equal trading such as periodically occurs.

It is apparent that agriculture is less well able than are other industries to resist price declines. When the pendulum swings unfavorably, it swings a disproportionate distance, and every modicum of the swing spreads disaster amongst rural folk. We ought to try to account for this, since it very apparently lies at the very heart of any explanation of the reason why agricultural depressions are more disastrous than those in the other industrial fields; and why, therefore, agriculture as an industry ought to receive special consideration in the formation of public policy. Professor Warren attacks the problem:

> Basic commodities fluctuate more violently than do prices of commodities that have passed further through the processes of manufacture and trade. Farm prices fluctuate more than wholesale prices, and wholesale prices fluctuate more than retail prices. For identical commodities in the hands of farmers, products that are located far from market, fluctuate in price more than products near market. In general, the greater the distance the commodity is from the consumer, when distance is measured in economic terms, the greater the price fluctuation.

Later on[1] he carries his explanation further and comes to an explanation of why it is that farmers lose by a declining price level:

> Agriculture is a very slow industry. If one raises a dairy cow,

[1] *Op. cit.*, p. 202.

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she is a source of constant expense for over two years. Production does not reach its maximum for several more years. The farmer hopes that the cow will pay for the investment in raising her by the time she is perhaps eight years old. If he raises a colt, it is a ten-to-fifteen year investment. A good farm barn is expected to pay for itself in about fifty years. Orchards in New York take fifty-four years to reach their prime. For such reasons, capital investment in agriculture is very high in proportion to receipts. The rate of turnover varies with the type of farming. For the entire United States, it probably requires an average of about eight years to make sales equivalent to the total capital invested. A decline in the general price level makes the period much longer. A business that has turnover three times a year has as good a chance to get adjusted to deflation in a year as does agriculture in many years.

It follows that agriculture is injured much more than is the usual type of city business by a period of declining prices. It is no accident that farmers are the ones who become most critical when the purchasing power of the dollar is suddenly raised. Agriculture cannot prosper with a continuously declining price level.

4. *The Relationship of Agriculture to Other Industries*

This explanation of Professor Warren's helps us to understand a part of the agricultural problem. He is attempting an explanation only of agricultural depression, however; and we may legitimately conceive the problem in wider terms: as the permanent relationship, indeed, of agriculture to industry.

For what we want, who are interested in the agricultural problem from the point of view of the student of affairs who desires better social arrangements, whether the farmer or the urban worker is benefited, is, an understanding of not only why it is that these prices decline more rapidly than others but also why it is that they rise more rapidly. What is there about the industry that gives so singular a quality to its price movements?

It appeared clearly in the figures of our tables and charts that the upward movement of prices paid to farmers exceeded the upward movement of the general price level and of such specific other upward movements as the union wage rate; also that the decline in farm prices exceeded these other prices. It is not difficult to account for this superficially puzzling phenomenon

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however, when we recall the nature of the industry, the nature of the individuals engaged in it, and the part that farm commodities play in the whole industrial scheme. Farm commodities are basic raw materials, and moreover the consumption of them is but relatively little affected by lowered or raised prices; the industry is one which is relatively inelastic, relatively unresponsive to price changes; and it is individualistic, which means that farmers on the whole still prefer to bargain separately for the sale of their goods, and are, therefore, especially vulnerable in a period of general price change: their bargaining power is low and the burden of change is shifted to their shoulders by their stronger opponents in bargaining. Each of these considerations needs a little more elucidation, important as they are in explaining why the situation of agriculture in the modern price system is so unique as to justify special social consideration and treatment. It is doubtful if even the general series of problems usually grouped under the head of the "labor problem" has received on the whole so much attention in the press, in attempts at legislative relief, or in the minds of social philosophers, as has the "agricultural problem". But it is a fact, if a very curious one, that certain simple economic truisms, which bear most pertinently, have usually been overlooked.[1] The student may be reminded, then, that the farmer is the seller of a "basic commodity", and that prices of such commodities are apt to fluctuate more violently than the prices of other goods.

The reason for this is that the supply of farm goods can

[1] One reason for this may be that economists have been very reluctant to give up the Marxian notion that the main antagonists in the struggle of industrial life are laborers and capitalists, whereas this struggle has for a long time been diminishing in significance. The chief struggle for surpluses in the future economy will be among different industrial groups, with laborers and capitalists joined together and opposing other such groups. Except by the acceptance of this point of view no clear idea of the agricultural problem can be had. Here an industry opposes itself to others and is worsted in the struggle; its disabilities result from weakness in this struggle; and the remedies for these disabilities must be adapted to the facts. The theories of economists have aided statesmen but very little in obtaining a grasp upon the essentials of the problem they must solve.

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expand and contract much less rapidly than goods that are partly or wholly finished. When prices are rising farmers would undoubtedly like to increase their wheat, their cotton or or their apple crops, but they cannot accomplish such a purpose—at least to any significant extent, sufficient, for instance, to affect notably the world's supply. And markets for the great staples, it must be remembered, are world markets. For this reason—just because the present stocks cannot be expanded—farmers have at such times an increased bargaining power. Their goods are the goods that relatively are wanted most. The shortages that characterize times of prosperity and rising prices are greatest for farm products. Since the supplies of these necessary raw materials cannot be rapidly increased, the bidding for them naturally becomes more acute, and prices, rising anyway, rise for these commodities more rapidly than for others. Soon the curve of prices for farm products lifts itself precipitously above that of the general level of prices.

But also, when prices are declining, similar forces operate. And then farmers have the worst rather than the best of it. If their stocks of goods cannot be expanded rapidly to take advantage of rising prices as a merchant's or a manufacturer's can, neither can they be contracted rapidly to diminish supplies and so keep the prices up in the interest of limiting losses. Soon the curve of prices for farm products is seen to be falling much more rapidly than the curve of the general level of prices.

Study of figures showing the size of crops in years of high and years of low prices shows clearly that, though the size of crops does fluctuate somewhat, it is obviously not in response to fluctuations in price. Such a factor as the spread of a plant disease, an untimely frost or an unusual drought, is much more determinative. How obvious this indifference to shifts of price really is becomes clearer, perhaps, by looking at the accompanying table which shows the yields of principal crops throughout a period of rapid price-change. As a matter of fact, the crop fluctuations show no consistent relation to the high prices of 1916–20 or the low prices of 1921–23.

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YIELD PER ACRE OF PRINCIPAL CROPS, 1916–1923[1]

Year	Corn	Wheat	Oats	Barley	Rye	Potatoes	Hay	Cotton	Tobacco
	Bushels	*Bushels*	*Bushels*	*Bushels*	*Bushels*	*Bushels*	*Tons*	*Pounds*	*Pounds*
1916..	24.4	12.2	30.1	23.5	15.2	80.5	1.64	156.6	816.0
1917..	26.3	14.1	36.6	23.7	14.6	100.8	1.51	159.7	823.1
1918..	24.0	15.6	34.7	26.3	14.2	95.9	1.37	159.6	873.7
1919..	28.9	12.8	29.3	22.0	12.0	91.2	1.52	161.5	751.1
1920..	31.5	13.6	35.2	24.9	13.7	110.3	1.51	178.4	807.3
1921..	29.6	12.8	23.7	20.9	13.6	91.8	1.40	124.5	750.0
1922..	28.3	13.9	29.8	24.9	15.5	105.3	1.57	141.5	736.0
1923..	29.3	13.5	31.8	25.1	12.2	108.1	1.48	128.8	810.0

It is this actual unresponsiveness of agricultural production to price changes which reduces the significance of the implications of the older economic theories concerning the relations of supplies of goods to prices. These older theories seemed in general to imply that a low price would discourage production or a high one encourage it—in response to demand; and that therefore production might be kept sensitive to demand through this price mechanism, fluctuating rapidly as prices moved up or down. This was a comfortable theory; because, if prices accomplished this social regulation, legislatures need not torment their minds about it. But unfortunately, so far as agriculture is concerned, it is far from an exact description of fact. For wheat crops are determined from year to year not so much by the price of wheat as by the weather, by the farmer's fixed habit of raising wheat, by the fact of the unsuitability of his land for other crops, by the fact that he knows how to do this and does not know how to do something else—a dozen considerations before price!

The consequence is that every once in a while a situation develops such as that by which President Harding was so surprised in 1921. It will be recalled that in a message to Congress he said:

It is rather shocking to be told, and to have the statement strongly supported, that 9,000,000,000 bales of cotton, raised on American

[1] From E. G. Nourse, *Agriculture and the European Market*, p. 79.

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plantations in a given year, will actually be worth more to the producers than 13,000,000,000 would have been. Equally shocking is the statement that 700,000,000 bushels of wheat, raised by American farmers, would bring them more money than a billion bushels. Yet these are not exaggerated statements. In a world where there are tens of millions who need food and clothing which they cannot get, such a condition is sure to indict a social system which makes it possible.

But this follows logically from the fact that agriculture is the kind of an industry it is in the kind of an industrial system of which it must function as a part.

Also, however, as we have said, besides these, there are other reasons why farmers are much less effective than other producers in opposing price recessions. One of these lies in their disorganized state. Study of price relationships through succeeding cycles of change, shows that the most highly-organized industries are the most effective in postponing the setting-in of price declines and in initiating the rise of prices for their commodities. The farmer, operating in small units as he now does, can never, without a great increase in the present effectiveness of his cooperation, successfully oppose himself in the great struggle among industries, to the more highly organized urban producing groups. Mr. Sydney Anderson referred to this when he said: "The farmer is essentially an individualist; he sells his product in small quantities, interposing his individual selling power against the organized buying power of industry. He will continue to be the main sufferer from price fluctuations so long as he continues to do so."[1] And the observer must admit that this is quite obviously so.

The question may be asked: why does the farmer remain an individualist? Why does not organization here follow the familiar course it has followed in the manufacturing trades? And the answer is often said to lie partly in the nature of farmers and partly, again, in the nature of farming. Physical separation and isolation is doubtless a large factor. European farmers live in villages, their houses clustered together; and

[1] *Report of the National Agricultural Conference*, p. 24.

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they go out to their fields each morning. The American farmhouse lies in the midst of its own fields and each family lives its own life. Cooperation is very much easier in the one case than in the other. However, the spread to rural communities of telephones, of automobiles and good roads, is working a wonderful change. The growth of agricultural associations is a witness to it and beyond any doubt prefigures a new era. In spite of these modern developments the farmer is still often described as individualistic, as though there were something unique about his nature. It is extremely doubtful if there is anything to this. The facts seem to contradict it. In the first place he moves to town in as large numbers as he can; and almost always manages to get there for the decline of his years. And too, he shows great cohesive power when conditions permit. The oil industry cannot show anything better in this line than dairying, nor steel than citrus-fruit marketing. No, it seems more reasonable to suppose that where farming remains disorganized it does so for physical reasons. On the whole it would be difficult to support the thesis of a specially independent, non-cooperative character for the farmer.

Of course, physical reasons for disorganization are very strong. There is still the basic fact of isolation, reduced in importance though it is. Modern communications have not yet made meetings among farmers as frequent as among the cooperators in a steel plant, though they have modified the situation. Then, too, there is, and apparently must remain, a fact of considerable importance that is distinctly unfavorable to associationism. The fact of diversity is meant; and the movement seems to be in the direction of more rather than less. Wheat farmers are urged to go in for stock-raising to provide fertilizers; cotton-farmers are urged to raise corn to give relief to a soil exhausted by years of steady cropping. But organization in industry has been most conspicuously built up on a basis of the joint and cooperative production and marketing of one commodity, not half a dozen. There is evidently a distinct handicap to agriculture here. However, it is somewhat mitigated in many districts by the fact that only one "cash crop", as it is called, is raised. This means that however many pro-

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duction problems are involved in raising different crops, only a single one of them reaches the market, and has, therefore, to be bargained over. Single cash-crop farmers concentrate their forces and gather strength by it. Familiar illustrations of this are the marketing of corn and other grains through hogs or steers, the marketing of hay, grain and root crops through milk, and the fruit-marketing associations so usual in recent years.

These are not the only physical facts which help to create a disadvantage for the farmer in the market. Another is the weather.[1] With the same care and providence one year will double another year's crop. And since the marketing of the crop is done individually, and since agricultural products are relatively perishable—most of them—the situation that so surprised President Harding naturally results. The whole of the crop is thrown on the market, sold at auction on the exchanges. Competition forces the price down and the gross value of the crop may turn out to be less than it might have been had the crop been half as great. With firmer cohesion, for instance, amongst wheat growers, these periodic surpluses might be stored—nearly all staple farm products are capable of being stored in some form even if, as in the case of milk or vegetables, it has to be in cans—and so a greater stability of supply, and consequently of price, might be insured. But here, as elsewhere, agriculture exhibits itself as a backward industry, weak

[1] Mr. Garet Garrett in his illuminating story of wheat speculation which every student of economic affairs should read, has an eloquent passage that expresses this idea: "The great task of modern civility is to create and sustain an artificial environment expressly designed to eliminate the savage uncertainties of natural existence. . . . Nothing is left to chance; nothing is miraculous. Industry no longer relies upon wind and rainfall—that is, upon the whims of nature—to turn its wheels. . . . But the farmer who feeds this world has no artificial environment. He stands alone facing the elemental rhythms. They are uncontrollable, unpredictable. He may know plant biology, he may know the chemistries of soil and vegetation . . . and yet the wind will blow when and how it listeth, the rain will fall by a law of its own, the sun hath no preoccupation with the weal of mankind. . . . Thus the farmer alone carries on the struggle in a natural environment, subject to the hazards of season, weather, sunspots, mysterious cycles of injurious life. He belongs to a race apart. We have forgotten the language in which he thinks." *Satan's Bushel*, p. 112.

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in its struggle for life among the gigantic industries of modern times.[1]

5. *Prosperity's Surplus and Depression's Deficit*

Again and again in the history of industrialized society the farmer has had to meet periods of declining prices unprepared and has been driven to despairing revolts—usually of a hopelessly unintelligent kind, it is true, but nevertheless quite understandable when the provocation is realized. Mr. Bliven has commented on this situation:[2]

> Throughout the Middle West the farmers have been terribly frightened. All their lives they have believed the copybook maxims to the effect that hard, intelligent work should enable every American to keep his family and himself at least beyond the fear of actual want. Since 1920 they have suddenly and catastrophically found that the copybooks are wrong. Those who have managed to save their farms, as well as the thousands who have lost them, have been the victims, not of indolence or stupidity, but of economic processes as vast and terrible as the laws of the physical universe.

Mr. Bliven's comment concerned the situation of 1923–24, but it might have been written for the situation of the 'eighties

[1] Two further interesting reasons for this inelasticity in agriculture are suggested by Mr. C. L. Holmes (*Jour. Pol. Econ., loc. cit.*). The first of these is what he calls the inertia of the agricultural population. "It will be said that reduction in output under adverse conditions will be brought about by a shift of population. There is a certain amount of movement. . . . The trouble with its serving as a means of adjustment is that it acts so slowly. Farming is both an occupation and a mode of living. There is such an intimate connection between the business and the personal and family life, the home is so integral a part of the productive plant, and the productive operations so large a part of the home environment, that abandoning farming for an industrial job involves more than purely economic considerations."

The second is the large measure of self-sufficiency which still characterizes farming. "On the great majority of American farms from one-third to two-thirds of the food supply is raised on the farm. Shelter, and frequently fuel is a contribution of the farm plant. In periods of depression when unemployment appears in all fields of production, farmers are loath to leave a situation which offers the certainty of even a meager satisfaction of their wants."

[2] *Op. cit.*, p. 686.

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just as well. The agrarian revolt of the 1920's found its main outlet through: (1) the Non-partisan movement of the northwest, (2) the Farmer-Labor movement, and (3) the activities of the farm-blocs in Congress and the state legislatures. In the nineteenth century these had their counterpart in Populism and the Free-silver movement. All of them, it is important to see, were caused by the same forces: an unregularized industrial system with rapidly shifting price levels to which one group in the community—the farmers—are relatively unable to adjust themselves.

It will be asked, of course, why it is that farmers have been characteristically unable to let prosperity meet the deficits of depression and so absorb this risk and mitigate the effects of irregularity. Professor Warren answers this question in a convincing way:

> A large part of [our] business being done by corporations, the corporation idea has permeated popular and scientific thinking to such an extent that questions like this are common, and are pertinent when applied to business organizations that go on continuously. But personal business depends upon the age of the man. Many farmers did save when prices were high, and many of them are picking up additional land and stock that their neighbors are forced to sell. But the young man who was most thrifty and saved the most money and who bought a farm in recent years did not have time to get out of debt. Paying for a farm is frequently a life-time job. Many of these young men would have been better off financially at the present time if they had not saved money, for then they could not have bought farms. The purchase of farms is much like the purchase of houses in cities. Homes are bought by thrifty persons in accordance with the time when they were born. Those who bought before the recent rise in prices in cities were lucky. Those who are now buying may be less fortunate.[1]

Farmers are not less given to saving than other members of the community; on the contrary their temptations to spend are much less. But they must do something with their savings and

[1] *Op. cit.*, p. 196. Professor Warren was writing, it must be remembered, in 1924.

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characteristically they reinvest them in the enterprise that earned them. This is precisely what any business man does. It is described by economists as "the self-allocation of capital funds", for that is what it is. When farm prices are higher even than the general price level and agriculture is consequently prosperous, what could be more natural than that the farmer should put back into his already prosperous business more capital in the hope of becoming even more successful. He buys more land, he increases the size of his herds and flocks, he builds new barns; his farm becomes more and more valuable. But all these investments are made at high prices and in expectation of return at the same levels. If, suddenly, he has to wipe out twenty-five to fifty per cent of his equity because of lowered price levels and deflated values, he naturally wishes the price levels had stayed up or that they would go up again; and often he reasons that they go down because of shortage of money and attempts to increase the quantity of money by political means.

Often also it happens that the new generation coming on buys its farms at some point in the upward curve of prices, borrowing the funds to pay for them. When the turn comes and prices recede rapidly, the farm may suddenly become less valuable than the face of the debt, and the farm-income so reduced that interest charges cannot possibly be met. Such a condition means bankruptcy for the young farmer, no matter how hard he may have tried to become a success; and it may also mean disaster for the banker who made the loan. Certainly it means restricted purchasing—a lowered level of living—by the farmer's family, consequently a contracted market for manufactured goods and eventually trouble for employers and employees in urban centers.

Also, besides these reasons why surpluses cannot cover deficits there is the unanswerable one that the surpluses of agricultural prosperity are far from large enough to cover the losses of depression.

In view of all this it appears that what we shall want to know concerning formulations of programs for agricultural societies, and concerning proposals for legislative action for agricultural relief, is:

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(1) Whether they promise to remedy the weakness of the farmer as he stands opposed to other industrialists in the market by, in some way, strengthening his hand. This might be done, obviously, in any one of a number of ways, such as assisting to change the nature of the industry (making it more independent of extraneous natural forces such as the weather): or absorbing the surpluses which break markets, holding them against leaner years and so stabilizing prices; or stimulating associationism or cooperation in bargaining.

(2) Or whether they look toward some general scheme for social stabilization, such as the control of production and consumption or the regulation of prices, into which agriculture would fit and in which it would find its particular problems solved along with those of other fields of human effort.

6. *Proposals for the Relief of Agrarian Distress*

We find quite naturally that this group of problems centering in the economic disabilities of the agricultural class has engendered, as, indeed, we have already said, numerous movements for relief in many different periods of our history, but none more serious than that of the 'twenties. The movement had its really formidable beginnings, perhaps, in the acute distress period following the Great War when the prices of farm products declined with such ruinous rapidity; but as a matter of strict fact the acute distress of these years was only a more prominent phase of the larger continuing problem. Recent proposals for relief may therefore be judged both by their probable efficiency in relieving immediate distress and by their promise of assistance in solving the greater problem of permanent stabilization. For not only ought farmers to be placed in a situation as favorable as that of any other producing member of the community; but also all the members of the community —farmers among them—ought to bear a recognizable and regulable relationship to the commonwealth. We live in a delicately balanced system; but it is a balance by upsetting which some individuals gain. The balance necessary to the common welfare can only be maintained by a careful visualization of the most desirable relationship of the parts of the whole

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and by community effort to establish and maintain this relationship.

This is a utopian wish: we shall get nothing like this visualization or this control for a very long time. And so we may expect periodic distress periods in which the whole community suffers for its sin of planlessness; but there are signs that the farmers will not long permit themselves to suffer the extraordinary penalties that they now do. Forces that have heretofore been not only beyond their control but beyond their comprehension are gradually beginning to be understood; and when this understanding has grown into something like certainty, it is reasonable to expect that measures will be forced which will at least restore to them their lost power in the exchanges, if indeed there be no remedy for their more fundamental institutional weaknesses.

It is the intention here to survey a few of the outstanding developments and formulated programs of action of the last few years for the double purpose of seeing how much of an understanding of the basic economic problem of agriculture is really possessed by the "statesmen" who formulate legislation and by the leaders of agricultural organizations themselves; and also to look briefly at these proposals to ascertain something of their specific desirability. First we may study briefly the work of the Joint Commission of Agricultural Inquiry of the Senate and House of Representatives and its recommendations for action.

7. *The Joint Commission of Agricultural Inquiry*

Following the rapid drop in prices which began in the middle of 1920 and developed consequences so much more serious for agriculture than for other industries, Congress was finally driven to the creation of a joint commission for the study of the crisis and its causes with a main view, it may be supposed, to the formulation of a legislative program for relief, though Congress and the members of the commission were characteristically cautious about committing themselves on this. The investigation got under way in July of 1921 with Professor Clyde L. King of the department of Political Science of the University of Pennsylvania acting as economist in charge of investigation.

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The reports of this commission were issued in four parts.[1] Part I is titled "The Agricultural Crisis and its Causes"; Part II "Credit"; Part III "Transportation"; and Part IV "Marketing and Distribution". One of the most striking features of the report, so far as content is concerned, is its insistence upon keeping to the attempt to interpret phenomena in their price aspects: this is maintained throughout. Another is the clear perception of agriculture as a part of a complete, going system of national life, no part of which can be undervalued and starved without injuring the whole. Still another is the method used, both of fact finding and fact presentation. Every possible statistical device that could be brought into operation by many of the best specialists in the country contributed to a final completeness and many ingenious devices of tabling and charting were used to bring home to the reader's mind the significance of the facts uncovered. Space here permits only the quoting of the commission's recommendations:

(1) That the Federal Government affirmatively legalize the cooperative combination of farmers for the purpose of marketing, grading, sorting, processing, or distributing their products.

(2) That the farmer's requirements for credit corresponding to his turnover and having maturity of from six months to three years, which will enable payment to be made from the proceeds of the farm, be met by an adaptation of the present banking system of the country, which will enable it to furnish credit of this character.

(3) That there should be a warehousing system which will provide a uniform liability on the part of the warehousemen and in which the moral and financial hazards are fully insured. To this end the commission suggests the extension of the existing Federal warehouse law and the passage by the several States of uniform laws regulating the liability of warehousemen and the services rendered by them.

(4) The commission believes that an immediate reduction of freight rates on farm products is absolutely necessary to a renewal of normal agricultural operations and prosperity, and recommends

[1] They may be had by applying to the Superintendent of Documents in Washington.

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prompt action by the railroads and constituted public authority to that end.

(5) That there should be an extension of the statistical divisions of the Department of Agriculture, particularly along the lines of procurement of live-stock statistics.

(6) That provision should be made by Congress for agricultural attachés in the principal foreign countries producing and consuming agricultural products.

(7) The development by trade associations and by State and Federal sanction of more accurate, uniform and practical grades of agricultural products and standards of containers for the same.

(8) That adequate Federal appropriations should be made for the promotion of better book and record keeping of the cost of production of farm products on the basis of the farm plant unit, as a basis for the development of more efficient methods of farm management.

(9) Provision for an extended and coördinated program of a practical and scientific investigation through State and National departments of agriculture and through agricultural colleges and universities directed toward reducing the hazards of climate and weather conditions and plant and animal diseases and insect pests.

(10) More adequate wholesale terminal facilities, particularly for handling perishables at primary markets and a more thorough organization of the agencies and facilities of distribution of the large consuming centers of the country.

(11) The development of better roads to local markets, joint facilities at terminals connecting rail, water, and motor transport systems and more adequate facilities at shipping points with a view to reducing the cost of marketing and distribution.

(12) That greater effort be directed to the improvement of community life.

(13) The renewal of conditions of confidence, and industrial as well as agricultural prosperity is dependent upon a readjustment of prices for commodities to the end that prices received for commodities will represent a fair division of the economic rewards of industry. . . . These conditions cannot be brought about by legislative formulas but must be the result for the most part of the interplay of economic forces. The Government and the States within their respective spheres should do by legislative and administrative action what it may be possible to do, based upon sound principles, to facilitate this readjustment.

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In making the foregoing recommendations it must be understood that the jurisdiction of the Federal Government is limited and that it can not directly regulate production, marketing, or transportation, nor . . . interstate commerce. Therefore the foregoing recommendations contemplate, in addition to legislation within the jurisdiction of Congress, action by State authorities within their respective jurisdictions and local and private interests, in order to achieve the objects sought.

To one who has read the discussion above, or to one who has studied the facts set out in the commission's report, the recommendations come as something of an anti-climax. It cannot have been that the experts who produced the report acquiesced in so emasculated a program for relief: for it will be seen that not one of the recommendations proposes any positive action. The first is nearest; and that only suggests the legalization of cooperative organizations—an extension of a principle already laid down clearly enough in the Clayton Act.[1]

The recommendations might have been written by representatives of the middlemen or manufacturers for all the genuine relief they promise to farmers. It may be that part of this reluctance to point out positive action that might assist in the crisis was due to a lack of clear thinking on the part of the directors of the experts' efforts. With all the elaborate machinery for research and the beautifully graphed facts, the real essence of the situation escaped. For any relief depends upon a clear answer to the question: why do agricultural prices behave uniquely? And here the report offers only the following:

In the United States every industry and every class of people were involved in the avalanche of descending prices. The turn in the tide from optimism, expansion, speculation, and extravagance to the reaction of deflation and depression occurred about the middle of 1920 and at about the time when the grain crop of the United States was beginning to go on the market, the prices of live-stock and live-stock products had already begun to decline, and these facts together,

[1] It has to be remembered here that such associations must derive their charters from the legislatures of the states.

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coupled with a failing export demand, were undoubtedly responsible for the earlier and more rapid decline in the prices of agricultural products compared with the prices of other groups of commodities.

This shows a fundamental misunderstanding. Of course prices began to break when the grain crop came on the market. And, of course, its coming on the market (and anticipations of its coming) were what gave the impetus to the break. But this is no explanation. A real explanation of the relatively acute distress of farmers lies further back in an understanding of why it is that the owners of this grain and livestock were unable to resist price declines as manufacturers were. And any real attempt to better the situation of the farmer, as we have tried to make clear before, must center here. He must be, in some way, enabled to resist as strongly as others; and then he will be no worse off than they. There will be no "agricultural problem" then; only the problem of regularizing all industry. No one of the commission's recommendations looks to any such strengthening. It may be that the commission felt it to be impossible so to better the farmers' position by any legislative action. But there existed an obligation to say so if the feeling ran that way. On the whole it seems impossible to escape the conclusion that the fact-finders overlooked the most important area of their inquiry and the commission its opportunity for a significant contribution to economically sound statesmanship.

It must not be supposed, it might be added in warning, that thus strengthening the farmer's hand in some way so that his economic situation might become as powerful as that of those with whom he has to deal, would be socially salutary. It would not prevent the shifting of price levels to change the farmer's relationship to them. Only a larger program could contemplate a reorganization of this sort in which not only farmers' production and consumption schemes but also those of other groups of the community might be brought into some kind of harmonious operation that would yield a balanced, orderly and sane system of economic life. There is no hint of the ideal anywhere in the commission's report.

Nor must it be inferred from these strictures, just as they

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certainly are, that the report is of little value. For in fact it is a mine of new information such as social students have never before possessed in this field—or, for that matter, in scarcely any other—and as such will have a continuing usefulness for many years. Criticism is made of the inferences drawn by the commission and of the scope of the investigation, not of the work of the experts, which is, on the contrary, one of the finest examples of social research we possess.

8. *The National Agricultural Conference*[1]

The situation of agriculture continued to grow worse throughout the year 1921; and on December 30 of that year President Harding wrote to Secretary Wallace of the Department of Agriculture directing him "to call a national conference to consider the agricultural problems of the American people". In this letter he recognized the severity of rural distress and said: "No one will pretend that the present conditions could have been avoided, but none of us is willing to agree that there ought not to be some corrective and constructive steps taken. . . ." By these words he recognized the problem of agriculture as a national problem, an obligation of the government to solve. And he went on to say very pointedly that

> it seems reasonably certain that, as the world comes out of the present period of disorganization, this country may find itself confronting new conditions which may very directly influence both our agricultural and industrial life. We should anticipate such changes and endeavor to prepare for them. It is unthinkable that with our vast areas, our unparalleled endowment of agricultural resources, our fertility of soil, our vast home market, we should accept the status of a distinctly industrial nation. . . . We should be a well-rounded nation with high development of both industry and agriculture, supporting one another and prospering together.

So he asked for a conference of farmers, merchants, middlemen, bankers and economists to point the way to this end for,

[1] The reader is referred to the printed report of the conference issued by the Government Printing Office and procurable from the Superintendent of Documents.

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as he later said in his speech inaugurating the conference, "There must be a new conception of the farmer's place in our social and economic scheme."

The conference met; it was addressed by the Secretary of Agriculture; by Mr. Sydney Anderson, chairman of the Congressional Joint Commission of Agricultural Inquiry, which was just then completing its work; by Professor G. F. Warren on the European situation and its relation to our agriculture; by Professor W. C. Mitchell on price movements and their relation to agriculture; by Mr. Eugene Meyer, Jr., on emergency financing; by Mr. G. H. Powell on the fundamentals of co-operative marketing; by a series of experts who reported on conditions in various local areas such as the corn belt and the range country; and by such others as Governor Pinchot on forest policy, Mr. E. D. Ball on the population and food supply, Mr. R. A. Pearson on the necessity of agricultural research, and Mr. W. L. Wagner on the place of the independent distributors.

Each of the topics introduced by these short addresses was studied in a committee chosen in advance by Department of Agriculture officials from the list of delegates, and recommendations were made.

The scope of these recommendations for Congressional action is shown by simply reading the following list:

I. Recommendations for Congressional Action

1. Investigate plans for stabilization of dollar.
2. Provide short-time agricultural credit.
3. Continue War Finance Corporation if necessary.
4. Amend Federal reserve act providing agricultural representative.
5. Investigate crop insurance.
6. Prohibit tax-free securities except farm-loan bonds.
7. Repeal of section 15a of interstate commerce act.
8. Restore powers State railway commissions.
9. Provide for completion of Muscle Shoals project.
10. Provide for development of St. Lawrence-Great Lakes waterway.
11. Retain tolls on Panama Canal.
12. Urge continued Federal aid for highways.

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13. Adequate support of International Institute of Agriculture at Rome.

14. Amend the Webb-Pomerene Act on export trade.

15. Recommends tariff adjustment board and tariff legislation permitting adjustment of rates within limitations.

16. Provide for agricultural attachés abroad.

17. Enactment cooperative legislation.

18. Legislation on price statements by cooperative associations.

19. Federal cold-storage legislation.

20. Credit for warehouse certificates.

21. Legislation to prevent destruction of forests, fire protection on private and public lands, increase of forest acreage.

22. Establish national land commission to classify land, providing for protection of settlers, intelligent development as present acute conditions are adjusted.

23. Commends health conservation for rural people.

24. Provision for circulating libraries; instruction in cooperation in schools; expansion of extension work among farm homes.

25. Cooperation in administration between State and Federal Government of regulatory laws.

26. Recommends discontinuance of free seed distribution.

II. Recommendations to Farmers

1. Continue to reduce overhead expense by efficiency in crop production.

2. Urge diversification.

3. Adjust farm operations to market demands.

III. Recommendations to President

1. Establish a national agricultural council.

IV. Readjustments

1. No national prosperity until both wages and capital bear just share in readjustment.

2. Congress and the President take steps to immediately reestablish a fair exchange value for all farm products with that of all other commodities.

2. Expansion of support in work of research education and extension facilities.

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V. Expansion of Agricultural Department

1. Agricultural census every five years.
2. Expansion of crop-reporting service to include live-stock and greater details on crops, etc.
3. Studies in the cost of marketing.

We may pass by most of these, interesting and important as they are, as being aimed at some other and lesser problem than that central one referred to by President Harding, and go directly to those suggestions that we see foreshadowed in Mr. Sydney Anderson's address. In a few paragraphs he struck an important key-note:

The farmer's interest in his product does not end with its sale at the local market, or even at the terminal. The price of his product is usually the price the consumer can be induced to pay less all the intervening costs of manufacture and distribution. These costs and profits of manufacture and distribution are usually figured on the final sale dollar. They, therefore, have a tendency to rise in proportion to the increase of commodity prices.

They do not come down in the same degree or at the same rate as the producer's prices in periods of price declines.

The result is to compel the farmer to make more than his share of price reductions and to minimize his advantage from price increases. In much the same way, even in normal times, the farmer feels the effect of the wide fluctuation of the prices of agricultural products which industry and trade find a means to resist or minimize.

Again industry, with more or less efficiency, depending in large measure upon the degree to which it is organized, is able to control output and to relate it to effective demand. This the farmer has never been able to do. His output is largely determined by hazards of weather, plant and animal diseases, and insect pests which at best can only be minimized or partially controlled.

An examination of the course of commodity prices during the recent crisis shows that prices declined least and declined least rapidly in the commodities controlled by highly organized industries. This indicates that these industries by curtailing production, changing production methods, or transferring production from one article to another were able to interpose an effective resistance to price declines. . . .

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The restoration of conditions of normal operation and prosperity of the farmers of the country is dependent, first, upon the completion of the cycle . . . and, second, upon the establishment of a means of stabilizing agricultural prices upon a profitable level.[1]

This view of the situation held by Mr. Anderson was reflected in the recommendations; and most prominently in that of "Committee No. 7" on the marketing of farm products.[2] One paragraph of this particular report clearly foreshadowed the plan of action determined upon in the McNary-Haugen bill which we shall later discuss, and which is of especial interest here because it has become the basis of the legislation the "farm-bloc" is endeavoring to pass and which has been endorsed for passage by so many influential organizations and individuals.

The committee recognized that "prices to producers are determined by one of three methods of selling: (a) individual bargaining, (b) selling by associations, (c) governmental guaranties or purchases." And it went on to say flatly that it felt there ought to be a comprehensive study undertaken immediately of the whole question of governmental price guaranties and that "whereas, the prices of agricultural products are far below the cost of production, so far below that relatively they are the lowest in the history of our country. . . . Congress and the President should take such steps as will immediately reestablish a fair exchange value for all farm products with that of other commodities."

[1] *Report of the National Agricultural Conference*, pp. 23-24. Mr. Anderson went on immediately to say that in spite of the desperate character of the situation and his ardent wish to be able to do something, he was sure that no relief could be had through legislation—only through voluntary action on the part of agriculturalists, a view in which many of his hearers evidently concurred but which undoubtedly is a confession of the inability of our legislatures to handle desperate economic situations; since these representative assemblies are our only official social mechanisms for readjustment, this seems a strange admission for a legislator to make. Most American so-called liberals would not go so far. They would be more inclined to say that the legislature must be given power to meet such crises in the interest of the general welfare. Mr. Anderson bitterly opposed the McNary-Haugen bill, as we shall see.

[2] P. 171 of the report.

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"Committee 5" on costs, prices and readjustments made a similar recommendation.[1] It stressed the fact that there were certain things the farmer must do for himself, such as the development of a more completely self-sufficient farm organization so that overhead costs might be reduced, the increased use of leguminous crops for the building up of fertility, the use of diversification, the better adjustment to demand, the keeping of accurate records etc.; but it also insisted that "after the farmer has done all that he can do to work out his own salvation, certain aid and sympathetic cooperation must be given by other agencies." Governmental agencies must assist him in controlling plant and animal diseases and pests, statistical divisions of the states and the government must furnish him with an adequate factual basis for the formulation of his policies, he must secure aid through cooperatives in buying and selling, but "probably the chief source of relief which the farmer may rightfully expect and demand is in the form of readjustment between prices of products which he buys and those which he sells. . . ."

This last clause serves very well as an introduction to the McNary-Haugen bill which we shall consider next, both because some variety of the species it represents is insistently being asked for by agricultural interests everywhere, and because its proponents claim for it the virtues of a stabilizing factor in the general relationships between other industries and agriculture.

But first, for completeness, it must be added briefly that some of the other recommendations of the Conference deserve far more extended study than they are given here: that on farm population and the farm home and that on a national land policy, for instance, are wise and far-reaching in their implications. But we must be content to refer the reader to the Report of the Conference for a discussion of them. Important as they are, they are not altogether germane to the main problem. What is germane, however, is that still another committee, "No. 1", this time, found it necessary to say: "The confer-

[1] P. 149 of the report.

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ence declares that no revival of American business is possible until the farmer's dollar is restored to its normal purchasing power when expressed in the prices paid for the commodities which the farmer must purchase. . . ."

9. *The McNary-Haugen Bill*[1]

The farm-bloc in Congress finally in 1923–24 determined to concentrate upon a measure which seemed to have some chance of passage and which also seemed to offer the needed relief. It took the form of a measure designed to keep agricultural prices strictly relevant to the general price level: and was thus a positive proposal for the relief of farmers harder hit than others in the community by price declines. Mr. Sydney Anderson, in spite of having been chairman of the joint commission of agricultural inquiry, was a most effective opponent of the bill on the theory that the farmer had to work out his own salvation, and that it was not the government's business to assist him. This form of opposition finally killed the bill. But it is extremely unlikely that the finding of some solution for this problem can be much longer postponed on such grounds, though the ultimate form of Congressional action may not be in all respects like the measure we shall presently consider. Still, any measure that proposes to give farmers price-relief and that does not propose to go in either for general price-regulation, for the stabilization of money, or the direction of consumption and production, cannot differ much from the basic principles on which the McNary-Haugen bill was constructed.[2]

A summary of the main features of the bill would show that it provides for an Agricultural Export Corporation with capital to be furnished by the government. The bill contemplated

[1] Introduced into the House of Representatives by Mr. Gilbert N. Haugen. Printed as H. R. 9033, 68th Congress, 1st Session. See also the volume of *Hearings* before the Committee on Agriculture, and the *Congressional Record* for May 20, 22, 23, 24, 30, 31 and June 3. The bill finally failed of passage by a small margin.

[2] A proposal very nearly identical in its main provisions is being prominently discussed in England; and has even been officially adopted by the Labor Party as part of an agricultural program. Cf. R. R. Enfield, *The Agricultural Crisis*, p. 158 *et seq.*

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that it would be the business of this corporation to go into the markets and buy agricultural commodities when there should appear to be an emergency by reason of inequalities in prices, domestic and foreign. For the commodities it bought, however, the corporation would not pay the market price but a "ratio price"—and this ratio price needs some study on its own account.

It would be based fundamentally upon the idea that the price for the whole of a crop is set by the price for which the last—or marginal—bushel of it can be sold. This is, of course, a truism in economics, if the whole crop is to be disposed of at once, as it normally is.[1] The surplus over normal immediate consumption needs is, then, the part of the crop that fixes the price for all of it. This surplus, proponents say, is not marketed at home, but abroad, and there comes into competition with wheat from the whole world. Most of this world supply, they say, is grown by the peasants of Southeastern Europe; and it is they, with their willingness to accept a low return, who, consequently, set the price for American wheat.[2] It is proposed to change all this through simultaneous manipulation of tariffs and of the prices for specified products which fall below the general price level. The tariffs are to prevent the Liverpool price from fixing our prices by prohibiting the importations that normally would occur when our prices rise higher than those abroad; and specific prices are to be brought into relativity with the general level by the fact that the Agricultural Export Corporation would be empowered by the bill—in fact directed—to buy at the "ratio price" which is *what the price of the commodity would have been if it had moved in exact correspondence with the general level of prices.* What the corporation bought at this price, it would sell abroad at whatever price it could get; and if it lost by this operation American farmers would have gained infinitely more than the

[1] This is not strictly true, but sufficiently so, for nearly half of the crop is marketed September-December every year. This is also true for England.

[2] This whole question of the European market is discussed in Mr. E. G. Nourse's *American Agriculture and the European Market.*

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amount of the loss by the fixing of the price of the product at a point considerably above the world price. And by the payment of part of the price in scrip, it would actually be possible to assess expenses and losses to producers in proportion to the amounts marketed by them. The marginal part of the crop, the surplus, would have been eliminated. The margin would have been raised. It is recognized that consumers would have to pay the price; but the thought is that they will have gained from protections of their own and will owe this to the farmers.

In fact, much of the argument for this bill turned upon this idea. If we are to have a national system, with conscious control of its direction in the form of protection from foreign competition, the logic of the situation would seem to require that the protective machinery really protect producers. The fact that protection has traditionally favored manufactures is no longer a sufficient consideration. Evidently manufactures are stronger than agriculture, needing protection less, if we may judge from the power manufactures display in maintaining their prices above those of the farmers. It is agriculture that needs protection now; and it ill becomes that section of industry which has had protection for nearly a century to deny it.

It would not do to dismiss the whole question this way, however, saying that because one class in the community has been enabled to maintain an artificially high price for a long time that another class is entitled to do the same in future. There always have been those who challenged the whole protective idea; and they have vociferously contended that it acts to force industries into unnatural growths in unnatural places and at very high costs which must be borne by consumers. The McNary-Haugen bill intends to extend this system. If we follow through on these lines, we may very well develop here a whole system of industrial life on this artificially maintained basis. The difficulties of maintaining a precarious balance among industries struggling for preferment we may overlook, though they would be sufficiently real, but we cannot overlook the consideration of our cooperation with a world in which our relationships inevitably grow more rather than less intimate. If we go in for a national protective system we give notice to

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the rest of the world that we want nothing from it, that we are intending to stand alone, that, so far as we are concerned, the other regions of the earth exist only as the dumping-ground for our unwanted surpluses.

It seems unbelievable that we shall permanently adopt such a system, though its logical derivation from certain orthodox political policies cannot be denied. But what are the alternatives? For we cannot long maintain a *status quo* so obviously unfair to agriculture as the present one. The answer seems clearly to lie somewhere among the various schemes for the stabilization of money, for the regulation of prices, for the constructive control of production and consumption. The fundamental mistake of the McNary-Haugen bill's proponents is their failure to see the implications of the ideas embodied in it. A closed national system, defiance to the world, legislative jobbery for industrial advantage with the burden of expense falling on unrepresented consumers, are the most obvious of these implications. Nor would the system introduced by the bill ultimately strengthen the farmers except at the expense of some other class. We may seek to make progress at the expense of our fellows; but in the modern interrelated world we shall not find it. What is needed is the statesmanship that looks across industrial lines, even across national boundaries, and legislates for the welfare of the peoples. But the McNary-Haugen bill is not that kind of legislation.

REXFORD GUY TUGWELL

COLUMBIA UNIVERSITY

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COOPERATIVE MARKETING FINANCE[1]

MARKED changes in the methods of commodity production and distribution are usually the result of unfavorable economic conditions. The development of cooperative marketing associations in this country is no exception to this rule. The slump in prices after the World War placed many farmers in a serious financial predicament. They were unable to market their products profitably, if at all, and in many instances their creditors had to go unpaid. In their efforts to better their economic and financial condition, farmers turned in large numbers to cooperative marketing as a promising means to that end. The sudden increase in the number of associations has made necessary many changes in the methods of marketing and financing the distribution of agricultural commodities. Both the federal and state governments have made extensive efforts to provide ways and means to meet the situation. Banking institutions have found it necessary to change their methods in various ways to meet the demands placed upon them. It is to a discussion of the methods of financing the cooperative marketing associations that this paper is directed.

Cooperation among *consumers* is not new. In foreign countries it has existed for many years, and in some instances it has become an integral part of community life—providing recreation, granting old-age pensions, giving sick benefits and securing various other objects. In the United States cooperation among consumers has long been in existence, but among *producers* experiments in cooperation started but little before the beginning of the twentieth century, the greatest development taking place after the close of the World War. The year 1888 marks the true beginning of cooperative organization in the citrus industry, when the Pachappa Orange Growers' Association

[1] This article is based upon data furnished by a large number of cooperative marketing associations, the federal intermediate credit banks, War Finance Corporation and other government organizations. To all of them acknowledgment is due.

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at Riverside, California, was formed. In 1895 it was reorganized into the Southern California Fruit Exchange. In this latter guise the organization was probably the first real marketing cooperative in the United States.

The recent growth in the number of cooperative marketing organizations has produced a new era in the distribution of farm products. It has already revolutionized the marketing of certain commodities, as the citrus fruits and raisins in California. That the movement is widespread and covers a large field, particularly in the agricultural part of the country, is partially indicated from the following table, the figures of which were compiled from the 1920 census:

SALES THROUGH FARMERS' MARKETING ASSOCIATIONS IN 1919

Division and State	Total Number of Farms	Sales through Marketing Organizations			
		Farms Reporting		Amount	
		Number	Per cent of all Farms	Total	Average per Farm
United States	6,448,343	511,383	7.9	$721,983,639	$1,412
New England	156,564	4,060	2.6	5,916,681	1,457
Middle Atlantic	425,147	33,854	8.0	61,224,128	1,808
East North Central	1,084,744	144,339	13.3	132,639,450	919
West North Central	1,096,951	243,288	22.2	300,820,976	1,236
South Atlantic	1,158,976	9,517	0.8	20,639,686	2,169
East South Central	1,051,600	12,705	1.2	5,271,001	415
West South Central	996,088	15,635	1.6	26,934,455	1,723
Mountain	244,109	12,785	5.2	17,443,431	1,364
Pacific	234,164	35,200	15.0	151,093,831	4,292
New York	193,195	23,494	12.2	44,906,247	1,911
Illinois	237,181	24,797	10.5	47,920,487	1,933
Michigan	196,447	42,104	21.4	24,294,688	577
Wisconsin	189,295	42,848	22.6	28,884,215	674
Minnesota	178,478	78,314	43.9	82,760,459	1,057
Iowa	213,439	43,350	20.3	59,403,626	1,370
North Dakota	77,690	17,438	22.4	24,484,558	1,404
South Dakota	74,637	20,241	27.1	31,651,244	1,564
Nebraska	124,417	32,543	26.2	44,755,140	1,375
Kansas	165,286	33,654	20.4	44,290,957	1,316
California	117,670	25,772	21.9	127,990,981	4,966
All other states	4,680,608	126,828	2.7	$160,641,037	1,267

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Sales through marketing cooperatives were reported by 21.7 per cent of the farms in the eleven states mentioned above. Minnesota alone contained 15.3 per cent of all the farms reporting such cooperative sales.

It must be remembered that since the census was taken cooperatives have had their greatest growth. The estimates for the total amount of business handled today range from considerably over one billion to nearly two billion dollars, as compared with the census figure, $721,983,639, for 1919. The extent of cooperative sales for the major products in 1923 has been estimated: fruit, nearly $200,000,000; milk over $150,000,000; and tobacco, cotton and livestock, each over $100,000,000.[1] The size and scope of the problem is further emphasized by the amounts of loans made by the War Finance Corporation. From January, 1921, to November 30, 1923, it authorized loans aggregating $202,590,900 for the orderly marketing of wheat, cotton, tobacco, rice and other staple agricultural commodities; of this sum, however, only $40,573,000 was actually used.

Functions of the Middlemen

In discussing the advantages and disadvantages of cooperative marketing, it should not be assumed that the functions performed by the middlemen can be abolished. In the past the middlemen have been rendering a real economic service by storing, shipping and financing goods in the process of distribution to the consumers. It may be and, no doubt, is true that the profits of some middlemen have often been too large in proportion to the economic services rendered, but that is an entirely different thing from saying that they perform no real service. If the producers feel that they are not getting their proper share of the consumer's dollar and they turn to cooperative marketing for larger shares, they must realize that

[1] *Proceedings of the Second National Cooperative Marketing Conference*, p. 72; estimates by L. S. McKay, Director, Department of Information of the American Cotton Growers' Exchange, Memphis, Tennessee. More recent estimates by other writers on this subject are considerably greater than the amounts given by Mr. McKay. This would appear to indicate that the movement is rapidly expanding.

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they themselves are, to a certain extent, performing the functions of the middlemen.

Problems such as those involved in transferring fruit from California to New York, or cotton from the southern states to the New England mills, in handling and storing wheat and tobacco, are not small or simple in any sense. Where the producers group themselves together into associations to perform these services, they must build up large marketing organizations, secure the services of expert salesmen and high-class executives in order to meet competition and to reduce the expenses of marketing. It must be recognized that the extent to which they can assume the various functions of the middlemen such as transportation, insurance, storage and marketing depends partly upon the commodity itself. Cooperative marketing organizations can do little more at the present time than deal with the problems involved in "orderly marketing", that is, storing, grading and marketing the commodity in a gradual and systematic manner throughout the season. To accomplish orderly marketing requires a great change from the old system followed by the farmers in this country.

Types of Cooperative Marketing Associations

When the producers first formed associations, they followed the plans of the organized consumers. This form of organization followed the Rochdale principles. In strict adherence to these principles, only farmers buy shares of stock in the association, and thereby contribute to a capital fund. The amount of stock each individual may hold is limited, sometimes by state law. No matter how large a stockholder an individual may be, he is allowed but one vote. The rate of dividends to the shareholders is fixed. Patronage dividends on the basis of the amount of product delivered are sometimes paid in addition to, or instead of the stockholders' dividends. An efficient management well informed in regard to market conditions is a necessity. Variation from these principles is frequent and sometimes the cooperatives degenerate into mere corporations organized and operated for profit.

The cooperatives of Minnesota are of the Rochdale type.

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This is essentially an agricultural state. About one-half of the male inhabitants are engaged in farming and industries directly related to farming. The state is a network of small cooperatives handling many different commodities. The state law provides only for a cooperative capital-stock corporation and does not authorize non-stock organizations. The cooperatives set out to secure as large a net revenue as possible and distribute this to the stockholders. If a farmer is a stockholder he receives profits from this distribution; if he is merely a member, the profits from the sale of his commodity go to the investors. The Minnesota potato growers are organized into many small associations, containing from fifty to one hundred members. Their capital stock ranges from $500 to $50,000, averaging about $10,000. In addition to their main function, many of these carry side-lines of supplies which they sell to the farmers. Some market not only potatoes, but also grain and other commodities. A rigid membership contract is not looked upon favorably by the members, as they wish the privilege of withdrawing from the association if they see fit. But the contract is increasing in favor and no doubt soon one will be evolved suitable to the situation. In Minnesota there are also many livestock companies, creameries, farmers' elevators and cheese factories run on similar cooperative plans.

In July, 1921, the Minnesota Cooperative Creameries' Association Incorporated opened for business with an authorized capital stock of $51,000, and 375 of the 645 cooperative creameries as stockholders. It is a non-profit service organization. The net profits, after a small amount has been set aside as surplus, are prorated among the members on the basis of contributions made for the support of the central organization. A contract is required to insure a steady flow of business. The function of the Association is to assemble and transport products and to represent the creameries at the central market.

The other type of cooperative, generally called the California plan, is that in which there is no capital stock. This is distinctly a producers' organization. With this type it is necessary to sign up a large proportion of the growers in the section

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before the association can begin its work. The growers pay small membership fees. The contract between the grower and the association is very rigid. The grower pledges himself to market through the association for a certain number of years, the average is about five; in fact, he usually gives the association title to his product. This type is managed by those selected specifically to carry out the association policy. Usually a general manager of good business ability and of experience is brought in from the outside and paid a salary to guide the business of the organization.

An example of the non-capital stock form of organization is the Tobacco Growers' Cooperative Association. This is controlled by twenty-five directors, twenty-two of whom are elected by the members from among the growers and three are appointed by the governors of the three states—North Carolina, Virginia and South Carolina—to safeguard the interests of the public. Local branches are formed in every district, county and central locality. Each "local" elects its own officers, who may attend the meetings of the board of directors. They are thus in a position to advise their neighbors. The locals secure deliveries and maintain loyalty to the association by educating the members in cooperative marketing, increase membership, protest against any inefficiencies or disloyalties among employees, improve the product by adopting standard seed, and report to the department managers such statistics as they may request.

As an illustration of the extensive organization built up by some associations it may be of interest to outline in detail the organization of this tobacco association. The central office consists of warehouse, leaf, finance, legal and field service departments. The warehouse department provides ways and means of receiving and storing the tobacco and is responsible for it while it is passing from grower to manufacturer. Insurance is carried on both the warehouse and the product. The leaf department grades the tobacco into pools, the standards for which have been set after study in cooperation with the United States Government, the manufacturers and dealers. The finance department secures funds for advances to the

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growers. When sufficient sales have been made, by pledging the tobacco as received on the basis of fifty per cent of its appraised value determined by a committee of three experienced independent tobacco men approved by the agent of the banks and the intermediate credit bank, these loans are repaid and additional payments made to the growers. Every employee of this department is heavily bonded. The functions of the legal department are self-explanatory. The field service department aids in increasing membership, keeps in close touch with the locals, aids the growers with information about improving the crops and performs other similar functions. Sales policies are determined by the directors with the advice of experts, after a study of supply and demand has been made, so that a fair price will accrue to the grower.

The Association did not come into existence until fifty per cent of the growers of the three states had signed marketing contracts. By January 1, 1922, the goal was reached with 65,000 members, and on September 1, 1924, the membership had increased to over 105,000. The contracts between the growers and the Association form the basis of the cooperative's existence. Without them there would be no assurance of business. For breaking the contract there is a penalty of five cents per pound as liquidated damages; the Association is entitled to an injunction to prevent further breach; and the grower has to pay all costs arising out of or caused by the litigation.

The upholders of the California plan claim that it is the only true cooperative. In the Rochdale system there is a speculative element. The association buys at the day's price and attempts to sell for a higher price so that dividends may be declared for the stockholders. In this manner the profits are not returned to the producer unless he is a stockholder and shares in the dividends. But in the California type of cooperative the association pays the producer a certain amount when the commodity is delivered, paying the difference between the advance payment and the actual selling price, less the cost of handling, when the commodity is sold. The advance payment enables the farmer to pay off any liens made on his crop.

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Non-members may market their products through the association under the Rochdale plan, and sometimes they may even share in any patronage dividends, but the cooperatives of the California plan restrict their dealings to their members. While it has been thought necessary to describe briefly the organization of both types of associations, space will not permit, in this article, a discussion of the problems involved in providing short-term or working capital for both types. Hence, the discussion from this point will be directed primarily to the methods used in financing the "commodity" or "California" type which does not ordinarily have capital stock.

Marketing Agreements

The standard marketing contract, or the contract between the grower and the association, forms the basis of successful cooperative agricultural marketing. Both the grower and the association are bound by its terms for a specified period of time. The contract does not require the member to deliver any fixed quantity—only what he produces. He may discontinue production at any time. Most contracts provide that only growers, including both landlord and tenant, may be members. The period over which these contracts extend varies greatly. While a chance contract does not provide any definite time, the large majority run for a given number of years. Some add a special clause which enables the grower to withdraw at certain times. The most common term is five years,[1] though some cover three years, others four, still others five with a five-year renewal privilege, and at least one runs for a period of fifteen years with the privilege of withdrawal on the part of either party at stipulated intervals.

The contract ordinarily provides that the grower shall deliver all his crop to the association within a given period after it is harvested or "within a reasonable time". There are, however, exceptions to this rule. In one association the growers may sell seed wheat to other members. In another association each member is required to deliver to the association all his crop

[1] The cotton associations with the exception of the Oklahoma Cotton Growers' Association, which has a seven-year contract, adopted the five-year contract.

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not needed for seed or individual use by himself or family. The seed wheat, however, is not pooled but sold separately and the proceeds thereof turned over to the grower. One rice association permits its members to retain rice for both seed and feed purposes and, with the approval of the director, to sell to other members for the same purposes.

The grower agrees to deliver his commodity to the association; the association, in turn, agrees to sell this from time to time. Pools are usually formed covering a season with the result that all growers receive the same price for similar grades and quantities regardless of the time of delivery. This is the general practice among the cotton, wheat, tobacco, fruit and several other associations. Exception to this practice is found in some associations where they operate a "series of pools" in which each individual participates only when he has contributed to a given pool. Settlement is made separately for each pool where this policy is followed, whereas in the other case final settlement is made at the end of the year after the entire supply has been disposed of. Associations usually have full power to sell the commodities whenever they think the market and conditions most favorable. Here again, there is not complete uniformity, for a few associations reported that they allow each member to set a minimum price for his commodity which he contributed or delivered to the association. This minimum price can be changed by the grower from time to time by giving the association proper notice.

Growers in signing the marketing contract generally give the association full power to borrow funds, using the commodities delivered to it as collateral. Provision is made whereby title passes to the association on delivery. This enables the association to borrow funds for the purpose of making advance payments or loans to the members. Warehouse receipts or bills of lading are used to protect the banks for any funds advanced. A discussion of the amounts and terms of these advances is given in a later section of this article.

Certain penalties may be imposed if the terms of the contract are violated. Due to the difficulty of ascertaining the actual damages in any case, the penalties are usually specifically

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stated. Penalties to be imposed upon the grower when he fails to deliver his crop are frequently expressed in definite terms as so many cents per pound, bushel or barrel, or a given percentage of the market price. A few contracts do not state any penalties. Any reasonable expenses incurred by the association in enforcing the terms of this contract are charged to the individual or individuals who have violated it. Provision is further made entitling the association to secure an injunction in the event of a breach or to prevent further violation of the contract.[1]

Where the growers have mortgaged their crops prior to the time of signing the contract, they are permitted by the terms of the standard marketing agreement to exclude that portion mortgaged, unless the mortgagee consents to allow it to be marketed through the association. Moreover, many contracts give the growers permission to mortgage their crops after signing the agreement, provided the association is notified in advance and further that the association shall have the right to take delivery of the crop and pay off the mortgage for the grower and to charge it to him individually. This is facilitated by entering into a separate agreement with the bank holding the mortgage to permit the association to market the crop.

Financing the Members of the Associations

The financial relationship existing between the association and its members varies widely with different crops. The length of the period required for sorting, curing, grading, weighing and processing has a direct influence upon the time at which the products may be sold by the association. In many cases it is impossible for the grower to deliver his commodity to the association and wait until it has been sold before receiving any of the proceeds to be derived from the sale thereof. It is necessary, therefore, for the association to provide itself with funds for a twofold purpose, (1) to pay the expenses of the association in storing, grading, processing etc., (2) to provide a financial pool out of which to make advance

[1] This question is still a debatable one in some states.

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payments or loans to the growers pending the sale of and payment for the commodities.

It is customary at the present time in organizing an ordinary corporation to incorporate with a certain capital stock. Through the sale and distribution of this stock funds are obtained to provide the necessary fixed capital equipment. Additional short-term or working capital within reasonable limits may generally be obtained from banks upon the basis of a satisfactory financial statement and other credit information. Since a large number of the cooperative marketing associations are organized on a purely cooperative basis without capital and with an established policy against profit-making, it is absolutely necessary to give the lending institutions financing the cooperative some definite form of security. This situation has been met by the association and its members by placing in their standard marketing contract a provision by which title passes to the association on delivery of the commodities. A brief outline of the provisions found in the various marketing contracts which are based on the articles of incorporation, has already been given. Hence, the basis or authority exercised by the association in borrowing and advancing funds to growers is to be found first in the articles of incorporation which have been drawn up in accordance with the state laws governing the organization of cooperative marketing associations, and secondly, in marketing contracts where the growers have individually agreed that title to the products is to pass to the association at the time of delivery. The commodities produced by the members and turned over to the association become the security or collateral which the association may pledge to banks in securing funds to make advance payments or loans to the growers. The banks place considerable emphasis on the integrity and business ability of the association management.

It is neither the practice nor the intention of the association, generally speaking, to assist the grower in financing the growing or production of crops.[1] The nature of the organization of the different associations would make such an undertaking

[1] See the next paragraph for a few exceptions.

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not only difficult but extremely hazardous from the standpoint of the banks advancing the funds to the associations and, in turn, the associations advancing funds to the growers. An association without capital would have no tangible security to offer the bank against the credit extended, while the farmer, in many instances, could not provide proper security for funds which he might require. As a result of these and other conditions, the present scheme, as a rule, offers no direct assistance to the grower in producing his crop, hence he must rely, as formerly, on the local banks, personal loans, credit at the country store, and, in the case of tenants, on the landlord. A considerable number of agricultural credit corporations have been organized in some sections. Where these are functioning, loans are made to farmers through the assistance of the federal intermediate credit banks for productive purposes. To the degree to which they operate they are substitutes for local banks, country stores and landlords.

Advancing Funds to the Growers

It is the usual practice of the marketing associations to provide funds for their members only after the crop has been harvested and delivered to the association. Prior to that time, as already stated, the producer must, in most cases, finance himself independently of the association. There are a few exceptions where efforts are made to assist the grower during the production period. One exchange has organized a special finance company to carry out the plan. These preliminary payments are made for the most part as advances on the products to be delivered to the association, but in some instances they are in the form of a loan from the association.

The time of making additional payments is usually determined by the sale of the commodities themselves. From the proceeds of the sales which are made from time to time, the bank loans are first paid. After the bank obligations have been retired and funds are obtained from further sales, additional payments are made to the growers in proportion to their respective interests in the quantity and quality sold. Sometimes several additional payments are made by the association

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during the year, while in other cases there are only one or two. In general it is the policy of the association to sell all products on hand and close out the old year before a new crop comes on.

The method of making payments which we have just sketched applies more especially to the associations which have adopted the single-pool plan, that is, putting all like grades together and paying all the members the same price for like grade and quantity regardless of the time when delivered to or sold by the association. In a few cases the products are sold under a "series of pools". Where this policy is followed, the grower or member delivers his commodity to the association and it goes to form a part of a pool which is marketed individually, having no relation to pools formed either before or after. Each member contributing to this individual pool gets his proportionate share. This means that as soon as this pool is sold and proceeds received, he will be paid in full for his products without waiting for final settlement until the end of the year when the entire products received by the association have been sold and the year's business closed. Other associations have made provision for the initial advance payment on delivery and have in addition worked out a plan whereby the grower may, if he so desires, assign his interest in the fruit delivered, pledging the proceeds from the sale of it to a local bank, and thus obtain additional funds. It should be observed, however, that the local bank advancing funds to the grower under such circumstances takes a second lien upon the products produced and delivered by the grower-member.

The amount advanced by the association to the members at the time of delivery varies greatly among different industries and to a certain extent among associations in the same industry. The wheat associations usually grant about seventy-five per cent of the market value of the wheat at the time of delivery, though in some cases the amount advanced, according to statements of the associations, is as low as sixty per cent. The fruit associations generally limit their advances to about fifty per cent, while tobacco associations advance from thirty to fifty per cent, the latter being the more common. Cotton associa-

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tions advance fifty to sixty per cent. One tobacco association reported that it advanced only forty per cent of the appraised value of the tobacco. The wool-growers receive in most instances fifty per cent of either the estimated or cash value of the wool delivered. An apple-growers' association on the Pacific coast advances twenty-five cents per box to its members after the fruit is delivered for the purpose of assisting harvesting. This means that the growers would have to harvest and deliver at least a small number of boxes before they could receive any funds from the association. Once harvesting is under way the grower may secure additional advances as he makes further deliveries.

Forms of Advance

The form which payments or advances take depends in part upon the agreement which exists between the growers and the association and in part upon the manner in which the banks advance their funds to the association. In certain industries, for example cotton, the association authorizes the member to draw drafts on it as soon as the commodity is delivered either to the association or to a transportation company from which a bill of lading is obtained. When the grower delivers his cotton to the railroad and consigns it to a warehouse designated by the association, he receives a bill of lading and draws a draft on the head office of the association. This draft with bill of lading attached is presented to the local bank and discounted or left for collection. Cotton-growers usually draw drafts amounting to from fifty to sixty per cent of the market value at the time of delivery. Payment by cash is not practised to any noticeable extent. Payment by check is commonly used by different associations in making the additional payments to growers after the association has made sales and accumulated funds therefrom.

Terms of the Advance

By far the greatest number of the advances made by marketing associations at the time of delivery are granted in the form of advance payments and not as loans. In so far as this is true

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there is no maturity date on these advances. Associations make to the members loans ranging from three to eight or from three to ten months, depending upon the conditions prevailing in the different industries.

Interest charges may be handled in either of two ways. One is to consider interest as overhead and include it in the general expenses of the association. Where this is done, the member is not charged directly for the funds advanced. This is satisfactory when a policy is pursued of providing each grower with the same proportionate percentage of the value of his crop. This plan is especially adapted to making advance payments as distinct from making loans. The other method of handling interest charges is to make the advance to the member at a specified interest rate. The amount of interest which accumulates against the funds thus advanced to the individual grower is charged to his account and deducted from his share of the proceeds. In many instances it is regarded as part of the general operating expenses. The interest rates charged for the funds advanced vary considerably. Since the interest rate varies widely between different sections of the country, it is but natural to expect a wide range in the rates of the various associations because they, in turn, must get a large percentage of their funds from banking institutions. One western wool association pays six per cent; another pays seven per cent for funds received prior to the time the wool is shorn, but after it is shorn and shipped, the rate is then placed upon a six per cent basis for all funds whether received before or after shearing; a large fruit association in the State of Washington charges eight per cent; a citrus-fruit exchange through its subsidiary pays seven to eight per cent depending upon whether this company secures the funds from the federal intermediate credit bank or through the local banks. Funds obtained from the latter cost the association a higher rate than those secured from the federal intermediate credit bank.

The advance by the association to the grower is made upon the basis of the commodities delivered. Funds are frequently advanced upon the security of negotiable warehouse receipts from properly licensed warehouses. The security may also be

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in the form of bills of lading covering goods in transit to warehouses located in certain markets. The ultimate security, however, is the marketable goods. Since title to the goods is transferred to the association and by it pledged to the banks as security for funds, more than mere possession is involved.

Mortgaged Crops

Farmers in the past have often found it necessary to mortgage either their crops or land in order to secure funds to pay expenses during the production period. When the question of handling the products through a cooperative marketing association arose, it was necessary, in order to assure the association that it would receive commodities, to bind the members to deliver their crops to the association for a certain number of years. In making the contract all crops which were mortgaged at the time were excluded from this contract unless the mortgagee consented to have the crops marketed through the association. In most contracts provision is made whereby the grower after becoming a member of a marketing association may mortgage his crops to secure funds during the growing period provided he notifies the association in advance. Where the crop is mortgaged, it is usually delivered to the association but the proceeds are assigned in a certain way to the mortgagee. One association reports that mortgaged cotton is sold for the joint account of the creditor and the grower. The mortgage is first paid and the remainder remitted to the grower. If the amount of the mortgage is small, the association may on delivery of the cotton make an advance payment so that the grower may retire the mortgage. The grower may, if he wishes, assign his interest in the cotton to a bank or other creditor and upon notice of such assignment the association will pay to the creditor, to the extent of the claim, providing it is not in excess of the amount due the grower, the proceeds otherwise payable to the grower.[1]

[1] *Cooperative Marketing of the Texas Cotton Crop*, p. 13. Pamphlet published by the Texas Farm Bureau Cotton Association, Dallas, Texas, March 1, 1924.

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FINANCING THE ASSOCIATIONS

Financial Agreements

Relations between banks and marketing associations must be close if cooperative marketing is to meet with the greatest success. Financing the operations of these associations has brought up many problems difficult for solution. Large sums of money are needed to make advance payments or loans to members when the crop is delivered and to defray association expenses. The amount of funds needed by any particular association during the crop season will be greatly influenced by the time when the commodity is harvested, the length of time required to prepare it for sale, the time needed to ship it to the markets, and the cost or expense involved in the marketing or selling of the commodity. The banker contemplating the financing of an association will find it necessary to consider all these things as well as the amounts which he will be asked to supply to other customers during the same period.

Many associations handling cotton, tobacco, grain and fruit, demand more funds than may legally be loaned [1] by one bank to individual borrowers regardless of the quality of the paper offered for discount. This means that in a large number of cases two or more banks must be used in order to secure sufficient working capital. The number of banks actually engaged in financing the operations of different associations varies considerably. To illustrate, one association had an acceptance agreement with three banks involving $2,250,000 of which each bank had agreed to accept up to $750,000. A large tobacco association reported that under its trust agreement some fifteen New York and Boston banks were participating. In addition to this it had open accounts with some forty banks which were lending funds to the association on the basis of the association's

[1] It will be recalled that the National Banking Act limits the amount that can be loaned to one borrower on his straight, unsecured note, to ten per cent of the bank's capital and surplus; fifteen per cent more if loans are secured by warehouse receipts covering goods in storage with a value of 115 per cent of the loan; ten per cent additional if backed by Liberty bonds. Bankers' acceptances may be used up to fifty per cent for domestic business and one hundred per cent for foreign business by marketing cooperative associations.

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financial statement. No collateral was required. The Sun-Maid Raisin Growers of California stated that:

> For the purpose of financing the 1923 crop of raisins, it was necessary to borrow $10,000,000; $5,000,000 of this amount was secured through an Acceptance Syndicate and $5,000,000 was borrowed from the Federal Intermediate Credit Bank of Berkeley, California. The 1923 Acceptance Syndicate was headed by a San Francisco and Los Angeles bank, and was participated in by twenty-three banks located in nine cities scattered throughout the United States. Our first borrowings were made during the first week in October, and the entire amount was taken between that time and the end of December, during which period the bulk of the raisin crop is delivered to the association, and advance payment made to the membership.[1]

That both the banks and the associations realize the importance of this relationship is attested by the fact that they have in many instances entered into comprehensive contracts specifying in great detail the rights and duties of each party, These contracts or agreements are usually based upon the Standard Marketing Contract existing between the grower and the association. The agreements between the banks and the marketing associations are variously known as credit agreements, acceptance agreements, trust agreements and revolving funds. The terms and purposes of these different agreements are not identical. The financing banks are variously designated as the acceptance syndicate, the lending group, the lending banks etc. The lending banks enter into a contract whereby they agree to supply the association with funds for the growers on condition that the association turn over negotiable warehouse receipts covering goods stored in properly licensed warehouses. To facilitate matters it has been customary for some bank or trust company, which may or may not be a member of the lending group, to be designated as trustee or agent for the lending banks. It is the duty of the trustee to receive and hold the warehouse receipts for the lending banks. This has been neces-

[1] *Sun-Maid Financing,* an article prepared by Jay L. Reed, Comptroller, Sun-Maid Raisin Growers of California.

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sary in order that the association could deliver title to the commodities when sales were made from time to time. Delivery or return of receipts would be very difficult if they were being held by several different banks, more especially when some of them are located in distant cities.

The principal features of one of these larger financial agreements include: the amount of funds to be made available, the form in which the advances are to be made, the amount and kind of security required, the period during which these funds will be available, the rate of interest which will be required, the commission, if any, which banks charge for accepting drafts drawn against them, the manner in which goods may be released for sale, title to the goods being pledged, the manner in which the loans will be made during the life of the contract, the kind and amount of insurance, the question of expenses incurred in advancing the funds and handling the collateral, the amount and character of the information required by the leading banks from the association from time to time, and the duties of the trustees. The services of both attorneys and financial experts are absolutely necessary in drafting these lengthy documents. In a few instances the associations have entered into financial agreements of a similar nature with the federal intermediate credit banks. Arrangements have also been made with the War Finance Corporation. These various features will be elaborated to show more clearly the practice among the various banks in assisting the associations in financing their business.

Advances to Associations

Cooperative marketing associations need funds to pay their own expenses and to make advance payments or loans to the farmers. Banks supply the bulk of the funds for these purposes. Since the cooperative marketing associations do not ordinarily have any capital, the banks must rely largely upon the collateral submitted by the borrower which is generally warehouse receipts covering goods either in storage or in the process of being marketed. The basis of credit extended to marketing associations is not considered in exactly the same

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manner as that of ordinary corporations with capital stock. The commodity is pledged as well as any other assets which may have been accumulated; warehouse properties, cash on hand etc., are liable for any debts of the association. These compensate in part for lack of capital. With the corporation more attention is given to the financial statement, the business integrity, and the general condition of the borrower's business, than with the cooperatives. The fact that associations are usually operated on a non-profit basis has an influence upon the amount of collateral required by the banks financing the associations. This is due to the fact that the amount of profits by a corporation is usually regarded as an index to the quality of the management and success of the enterprise. Since profits are not an essential part of the cooperative association other tests are required.

The loans advanced by the banks to the associations bear a more or less definite ratio to the value of the commodity being marketed. In some instances the acceptance agreements state definitely the maximum amount the bank, or the lending group, or the lending syndicate, as the case may be, will lend to the association. These amounts vary considerably, depending upon the association, the commodity, the lending banks, or, perhaps, a combination of these. In general they range from $250,000, or less, to $100,000,000.[1] The agreements sometimes specify that the funds advanced shall be used to pay the grower for his crop on delivery. In others the association is allowed to retain a certain per cent to pay its expenses. One tobacco association reported that it was permitted to retain 2½ cents per pound of the amount borrowed for the purpose of receiving, handling, transporting, redrying and storing.

Maturity

The maturity of advances made to the cooperative marketing associations varies from sixty days to a year, although ninety days and six months are the periods most generally found in

[1] *Agricultural Cooperation,* vol. II, no. 16, July 28, 1924, p. 249. This is published in mimeograph form by the Bureau of Agricultural Economics, U. S. Department of Agriculture, Washington.

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use. Sometimes associations are authorized to draw notes or drafts for a period not to exceed six months with the further limitation that all notes and drafts must be drawn so as to mature not later than ten months after the issue of the first draft and, furthermore, no drafts are to be drawn to mature later than April 1. Others specify that the credit will be available on September 1 and will continue till June 30 of the following calendar year, but under no circumstances are drafts to be drawn to mature later than July 30. Drafts under this contract are drawn for a period not to exceed ninety days after date, drawn and endorsed in blank and delivered to the trustee bank or other bank designated for acceptance. A number of grain and tobacco associations are authorized to draw notes and drafts for a period of ninety days. Advances made by the federal intermediate credit banks must be made for a period of not less than six months and many of them are made for nine months. The law provides that these institutions may not lend funds for a period shorter than six months. These loans are sometimes renewed for a period of sixty or ninety days. One association borrows on a ninety-day basis from the local bank with the option of a renewal and from the federal intermediate credit bank for a six-month period with a renewal privilege of sixty or ninety days. This particular association reports that it borrows $4,000,000 on warehouse receipts and pays it to the growers in proportion to the quantity and quality of the commodity delivered. A large fruit association borrows without collateral from local banks on the basis of its financial statement in amounts sufficient to handle all its financing on three to six months' time.

Interest

The interest rate charged by banks depends to a very great extent upon the financial condition of the community. The legal rates of the various states range from six to ten per cent. A federal intermediate credit bank advances funds to associations in one southern state which has a legal rate of eight per cent, at 5½ per cent, whereas the local banks charge eight per cent. The variation in the rates from these two sources ac-

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counts for a difference of one per cent in the rate charged by the association to its members on advance payments or loans on commodities delivered to the association. Where the associations enter into agreements to finance the operations by means of an acceptance credit it is common for the accepting bank to charge a commission at the rate of 1½ per cent per annum, the drafts being then discounted at the rate for prime bankers' acceptances. The associations are sometimes allowed to anticipate the payment of their drafts and notes outstanding, in which case they are entitled to a rebate of interest of 1½ per cent below the open market buying rate for prime bankers' acceptances for the unexpired period, provided that such time shall be in excess of thirty days. Under these conditions the rate on promissory notes issued by the association is frequently stated as "1½ per cent above the then selling rate for prime bankers' acceptances". The rate paid by the grain associations varies with both the state and source of funds. One state reports eight per cent, another six per cent, another 1½ per cent above the rediscount rate at the federal reserve bank, and still another five per cent on the funds secured from the federal intermediate credit bank. The most common rate for the tobacco associations is six per cent. One leading authority states:

> An interesting development is that we are borrowing with specific sales pledged to banks upon which we draw our drafts. We make a large sale which takes three to four months or less time to deliver and collect. The specific tobacco is pledged—account assigned (on basis of eighty per cent of sale). This class of business is favored by banks and low rates are given us. This gives us funds to pay original loans and to make our distribution to members more frequent or in less time.

The fruit associations pay seven or eight per cent at times when borrowing from their local banks. A western fruit association stated that it paid its local banks seven per cent but borrowed to a certain extent in the New York market at six per cent. Another reports that it paid the federal intermediate credit bank 5½ per cent and the local banks eight per cent, the latter being the legal rate. Wool associations in some sec-

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tions secure funds at 5½ per cent from the federal intermediate credit bank and charge their members six per cent. This rate has been reduced by the federal intermediate credit banks from 5½ to five per cent for wool associations in some places.

Collateral Requirements

Provision is generally made that the commodity securing the loan shall be graded and insured. The requirements of banks as to the kind of collateral for the cooperative marketing associations are fairly uniform. Independent appraisers are often employed. They are designated by the bank and must be approved by the federal intermediate credit bank where the collateral is to be used. It is the practice of the lending banks to require that associations deposit warehouse receipts covering the goods stored in the warehouse. Furthermore the agreement usually specifies that the commodity shall be stored in independent warehouses licensed and operated either under state or federal laws. In the event such warehouses are not available the association must have the approval of the banking group before storing goods in other warehouses. Bills of lading are frequently used as collateral when commodities are being shipped to the warehouses or elevators. Warehouse receipts are often accompanied by certificates giving the official weight, grade, quantity etc. In the case of grain, storage tickets are often used, but these in the last analysis are only warehouse receipts for grain stored in the elevators. Practically all commodities pledged for bank loans must be insured at the expense of the association, but for the benefit of the banking group. Both the warehouse receipts and the insurance policies are held by the trustee bank for the lending syndicate.

The financial agreements provide that substitutions may be made in the collateral submitted as security from time to time as may be necessary in handling and selling the commodity. Any substitutions must be approved by the trustee before the exchange may be made. While there is a great similarity in the kind of collateral demanded by the leading banks, there is considerable variation in the margin actually necessary. Earlier in the discussion of the "Advances to Associations" it was

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pointed out that certain maximum amounts were specified. These advances are further limited by the value of the commodity pledged as collateral. It is common to specify that the amount advanced shall at no time exceed a certain per cent of the value of the products being pledged. In some cases no definite sum is stated in the financial agreement but it is to be determined by the value of the products used as collateral. Some commodities, as tobacco, cotton and grain, lend themselves more readily to this method since standard grades have been established. Each grade is given a loan value depending on the market value of that particular grade. The limits placed on advances to associations marketing wheat vary from 70 to 90 per cent of the market value; on cotton from 30 to 70 per cent; tobacco approximately 50 per cent; wool so many cents per pound but not to exceed 60 per cent of its value; rice 60 per cent. The limits in 1922 when cotton was selling at about $125 per bale were given as $50 to $60 per bale.[1] Other times the amount is graduated but not in excess of 70 per cent of the market value. The loan value, therefore, varies with the selling price of the cotton, so that as the cotton advances in price the loan value also increases, but in such ratio that the percentage amount of the loan value actually decreases. The maximum loan value is 15 cents per pound or 60 per cent of its market value. When cotton sells for 20 cents a pound the loan value is the full 70 per cent, or 14 cents; when it sells for 25 cents a pound the loan value is only 60 per cent, or 15 cents.

Forms of Credit Instruments Used

Credit is extended in different forms. A very common instrument is the sixty to ninety day draft drawn under the authority of the acceptance agreements. Not infrequently these drafts are drawn for a longer period. Some are drawn on the accepting bank and are payable at sight. Promissory notes are also widely used. Many of the financial agreements specify that the associations shall draw their notes and drafts in such form that

[1] W. J. Carson, "Cotton Financing," *Federal Reserve Bulletin*, June, 1923, p. 683.

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they will be eligible for rediscount at the federal reserve banks. Under the rules and regulations of the Federal Reserve Board, bankers' acceptances drawn by cooperative marketing associations for agricultural purposes and secured by warehouse, terminal, or other similar receipts covering, or securing title to readily marketable staples, are eligible for rediscount with maturities up to nine months. Paper with six months' maturity may be purchased by federal reserve banks in the open market.

The discussion of the methods of financing cooperative marketing associations has dealt, thus far, only with certain phases of the work performed by banks and other private financial institutions. During the past two or three years the federal government has played a very active and important part by making available a large volume of funds, first through the War Finance Corporation, and second, through the federal intermediate credit banks. Due to the character and scope of the work performed by the government no paper on cooperative marketing finance would be complete at this time which did not include a description of the services rendered through these two sources.

War Finance Corporation

In January, 1921, the War Finance Corporation was revived for the purpose of assisting in the financing of the exportation of agricultural and other commodities. During the early part of July, 1921, the Corporation granted a loan of $5,000,000 to a cooperative association in Mississippi to assist in the financing of 100,000 bales of long staple cotton till it could be exported in an orderly manner. Shortly after this the Corporation further agreed to finance 200,000 bales of cotton for an Oklahoma cooperative association, 300,000 for a Texas cooperative, and subsequently a considerable quantity for an Arizona organization. "In all the Corporation agreed to finance approximately 1,000,000 bales, involving from $50,000,000 to $60,000,000." Emphasis was first placed on financing foreign trade in agricultural commodities, but later attention was directed more especially to the domestic phases. In August, 1921, Congress passed the Agricultural Credits Act which amended the War Finance Corporation Act empowering the Corporation to make

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advances to "any bank, banker, or trust company in the United States, or to any cooperative association of producers in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening and marketing of live stock, or may have discounted or rediscounted notes, drafts, bills of exchange or other negotiable instruments issued for such purposes."

From January, 1921, to November 30, 1923, the War Finance Corporation approved loans amounting to $202,590,000 to thirty-three cooperative marketing associations in twenty different states to finance the orderly marketing of agricultural commodities. Of the amount approved only $40,573,000, or slightly over twenty per cent, was actually advanced. Moreover, $197,320,000 of the amount approved was for the purpose of financing domestic agricultural operations of the cooperative marketing associations, as distinct from those approved for export purposes. But of this amount only $37,936,000, or slightly less than twenty per cent, was used.

Cooperative marketing associations making corresponding advances to members for agricultural purposes were entitled to borrow funds from the War Finance Corporation. These advances were made for the purpose of marketing, and not producing commodities. The aggregate amount that any association might borrow from the Corporation was limited to the amount of funds advanced by the association to the growers and remaining unpaid or used for operating expenses. Funds were to be obtained for a period not exceeding one year. Provision was made, however, whereby these loans could be renewed from time to time, provided that in no event the time extended for a period of over three years from the date the loan was originally made. Security was usually required in the form of negotiable public warehouse receipts or of warehouses approved by the Corporation, transferring title of the agricultural commodities in question to the Corporation. The collateral was generally deposited with the federal reserve bank or a branch, or where no federal reserve bank was located conveniently, the Corporation might designate some other bank to receive the documents, as custodian and trustee, against receipts in form approved by the War Finance Corporation.

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Federal Intermediate Credit Banks

The Agricultural Credit Act approved March 4, 1923, provided for the establishment of twelve federal intermediate credit banks, such institutions to be located in the same cities as the twelve federal land banks. These banks were authorized to discount or purchase agricultural paper from various financial institutions or cooperative marketing associations of agricultural producers, and

> to make loans or advances direct to any cooperative association organized under the laws of any state and composed of persons engaged in the producing, or producing and marketing, staple agricultural products, or live stock, if the notes or other such obligations representing such loans are secured by warehouse receipts, and/or mortgages on live stock: *Provided,* That no such loan or advance shall exceed 75 per centum of the value of the receipts and/or shipping documents, or of the livestock covered by said mortgage.

The methods followed by the intermediate credit banks in financing the cooperative marketing associations are similar in many respects to those of commercial banks. The percentage of the value of the crop advanced by the intermediate credit banks ranges from about forty to seventy-five per cent although the Act fixes the maximum at seventy-five per cent. Warehouse receipts form the principal class of collateral accepted by these banks. In regard to warehouse receipts the Federal Farm Loan Board has ruled: "Intermediate Credit Banks will accept the receipt of any warehouse licensed and bonded under the Federal Warehouse Act. In all other cases the warehousing laws and regulations of the state controlling the same must be submitted to the Federal Loan Board for approval." The receipts are frequently deposited with an approved custodian. Considerable emphasis is placed upon the use of financial statements by the intermediate banks and is specifically required by a number of them. The financial statement may be required at the time of application, or periodically, as weekly or monthly, depending upon the intermediate credit bank. Provision has been made for renewals when necessary, but not for carrying commodities for purposes of speculation.

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There are differences, however, which appear when commercial banks are compared with the intermediate credit banks in regard to the maturity of loans or the interest rate charged. The rates of commercial banks range from six to eight per cent whereas the intermediate credit banks only charge from five to six per cent.[1] Commercial banks usually lend funds for a period not to exceed from three to six months. Although the Agricultural Credit Act of 1923, subject to rules and regulations of the Federal Farm Loan Board, fixed the time limit on loans for the intermediate credit banks at from six months to three years, the Federal Farm Loan Board has ruled: "No loans may, under this Act, be made or paper acquired with a maturity of less than six months from the date of the transaction, and for the present no paper will be taken with a maturity longer than nine months." The funds advanced by the intermediate credit banks have been made, therefore, for periods ranging from six to nine months with sixty to ninety days renewal privileges.

On December 31, 1923, the federal intermediate credit banks had loans and discounts outstanding amounting to $42,700,000 of which over $33,600,000, or about seventy-eight per cent, had been made to cooperative marketing associations and $9,100,000, or slightly less than twenty-two per cent, in form of rediscounts. The rediscounts were distributed as follows: slightly less than forty-nine per cent to agricultural credit corporations; over forty-one per cent to live-stock loan companies; and only approximately ten per cent to banks and trust companies. Loans and rediscounts as of the close of business on October 18, 1924, were $57,005,000, of which $36,689,000, or over sixty-four per cent, represented direct loans to cooperative marketing associations, and $20,316,000, or approximately thirty-six per cent, represented rediscounts. The rediscounts were distributed as follows: over fifty-eight per cent of the total to the agricultural credit corporations; approximately thirty-five per cent to live-stock loan companies; and less than eight per cent to

[1] On August 19, 1924, the Federal Farm Loan Board announced that the federal intermediate credit banks had been authorized to reduce their rediscount rate to financial institutions from 5½ to 5 per cent, while the rate to cooperative marketing associations was to be lowered from 5 to 4½ per cent.

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banks and trust companies. All the intermediate credit banks except the Federal Intermediate Credit Bank of Omaha were participating in the direct loans to the cooperatives in December 1923, and on October 18, 1924, all except the Federal Intermediate Credit Bank of St. Louis.

The federal intermediate credit banks have advanced funds to various associations for the purpose of financing various commodities such as cotton, tobacco, wheat, raisins and prunes, wool, canned fruit and rice. No doubt other commodities will be financed in the future as associations are formed in those industries and take over the function of financing the marketing operations. The federal intermediate credit banks have not been in operation long enough to indicate what the probable trends will be. The present year should show a marked increase in the volume of loans over corresponding periods for that of last year. The rate of interest as compared with that of commercial banks is often more favorable to the borrower and will be sufficient reason to induce many associations to turn to the intermediate credit banks even though the necessary funds could be easily borrowed from commercial banks. Another feature which should attract borrowers is the minimum maturity of six months.[1] This longer-term credit will enable the associations to market the commodities in a more gradual manner. The intermediate credit banks should go even farther and in some industries encourage the organization of marketing associations, since it is easier for the associations to function on account of accommodation to be had at the intermediate credit banks.

Conclusions

Many of the broader and more theoretical aspects of this subject have been reserved for treatment in another article where it is believed a more satisfactory discussion may be had. No attempt is made, therefore, to show the relationship of

[1] This minimum period, it should be added, has proved to be embarrassing to a certain degree to some cooperative marketing associations since they find they do not need funds for a period of over ninety or one hundred and twenty days. Efforts are being made in some cases to find a solution for this difficulty.

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methods discussed to the price problem or to evaluate the system in the light of our present economic organization. Certain conclusions, however, may be drawn as regards methods of financing.

The greatest increase in the development of cooperative marketing has taken place since 1919, or after the World War. Cooperative marketing is not new but has had this recent remarkable growth as a result of the economic conditions following the war. The slump in agricultural commodity prices in 1920 placed the farmers in a situation in which they were unable to dispose of their products advantageously. Many believed that a more "orderly marketing" of commodities would work for the betterment of the farming population in different parts of the country. Farmers generally felt that they were not getting their share of the consumer's dollar. Cooperative marketing appeared to offer a satisfactory solution for these problems.

The rapid increase in the organization of these associations has made necessary many changes in the methods of financing the marketing of agricultural commodities. The so-called middlemen do not have as large a share in financing as under the older system. This burden is being assumed in part by the cooperative associations. The commercial banks continue to supply the great bulk of the funds for this purpose and, as already noted, the credit is advanced to a greater extent to associations who in turn provide the growers with funds upon delivery of their crops. The financial unit under this system has increased greatly in many cases as regards the size of the individual loans made by banks, hence there are fewer borrowers to deal with. The increase in the size of the loans has made it necessary to go into the larger financial centers where the banks can lend in greater amounts, and even then, the larger city banks can not provide the funds single-handed. Syndicates have been formed in which several banks were brought into the transaction. Since the associations have, as a general rule, no capital stock, it is necessary to provide efficient methods for handling the commodities so that the lending banks may be properly secured at all times. The interest rate has

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been reduced in many instances thanks to larger units and to the fact that other financial markets can be relied upon more extensively. Further changes are to be found in the methods of financing and disposing of mortgaged crops and the postponement of final settlement to the farmers for their crops which are marketed through the associations.

Banks were at first slow in many sections of the country to take hold of the problems of financing the marketing associations. The associations, organized for the most part without capital stock and lacking experience in financing, found it difficult in the beginning to secure all the funds they needed. In order to encourage the movement and to assist the farmers, the federal government through the War Finance Corporation offered to advance funds to the associations. Although the actual amount supplied was small when compared to the total needed, it had a desirable effect. It is believed that the larger city banks understood and sympathized with the movement before the idea was accepted by the country banks. In many places the associations find it increasingly easier to secure funds in large amounts both among local and large city banks. The local banks are more likely to adhere to a six per cent rate, or even higher in states where the legal rate is above six per cent, whereas the rate charged by the banks located in the financial centers tends to fluctuate with the market, not infrequently being below five per cent. Rates charged by the federal intermediate credit banks are sometimes above and sometimes below the rates charged by the larger banks. They are lower in most cases than those charged by local banks.

Cooperation between the associations and banking institutions has already reduced the cost of credit for marketing purposes where the associations are being properly managed. It should tend to lessen the amount of store credit used, which is generally very costly, to encourage the farmers to adopt more scientific methods of accounting, and to improve their methods of managing and financing their operations. So far it has done very little in the way of providing funds for the production of crops but looks primarily to the marketing stage. While marketing associations have brought about many desirable improvements

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in the methods and costs of marketing commodities, the farmers have been led to expect too much in not a few instances and have consequently been disappointed with the results. Where this state of mind prevails it has tended to hinder the development along sound lines. Cooperative marketing is not a "cure-all" for all the financial ills of the farmer. It is good only so long as it is operated along sound business lines and in harmony with existing financial machinery. Doubtless, progress will continue in the future and the producers will be able to improve their marketing machinery still more.

JOHN M. CHAPMAN

COLUMBIA UNIVERSITY

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THE ATTEMPT TO ESTABLISH THE EIGHT-HOUR DAY BY INTERNATIONAL ACTION. II[1]

THE experience that has been summarized in the foregoing account of the response made to the Convention in some important industrial countries is sufficient to illustrate clearly the complex character and great variety of the obstacles which the ratification of the Washington Convention has encountered. Almost from the very hour that the Convention was adopted, the difficulties of ratification appear to have become magnified and influential; doubts and criticisms grew in number. In some countries the legislation passed subsequent to the Convention has actually departed further from the standard of its terms rather than approached conformity with them. On the other hand, the validity of the principle of the eight-hour day as the basis of national industrial régime has remained strongly entrenched in workers' programs, popular thought and national legislation. Even those groups and countries which have opposed the Convention as impracticable at the present time have not denied its desirability as an object of national pride and effort. The aim of the Convention is still generally and firmly upheld. But the determined universal impulse to establish it irrevocably in practice by a voluntary international agreement has suffered many serious checks since the Washington Conference. The vista has changed; in 1919 it seemed almost as if the issue had been decided; now it is known that the effective conditions for the adoption of the Convention have still in a large measure to be created, or at least to be renewed again.

At the bottom of the whole course of events certainly the psychological and political developments of the years since 1919 must be regarded. It was not possible that this Convention could have escaped the consequences of the violent, deep

[1] Part I of this article appeared in the POLITICAL SCIENCE QUARTERLY for September, 1924, vol. XXXIX, no. 3, pp. 373-413.

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changes of feeling that have taken place in the world since the early days of peace-making. These changes of feeling communicated from business house to business house, from ministry to ministry, from street corner to street corner, have affected the mutual regard and attitude of country to country, economic group to economic group, individual to individual.

Groups and nations alike have hesitated to take any step the consequence of which depended upon the generous response of others, or which has entailed the sacrifice of an immediate interest for the promise of a future greater interest. Governments which in 1919 conceived the Convention as a first and most significant step in the achievement of that happier and more peaceful industrial society which, during the anxiety of the war, they believed they might create by their united will and cooperation, have since fearfully and coldly considered the possible national injury which ratification might cause. The States concerned have not denied the desirability or justice of the general objects of the Convention. But they have said: "We must take account of the present and not entertain speculative hopes about the future; we must be very cautious lest we make any move that may cause us loss, and bring gain to the neighbors who dislike us and are trying to take our trade. We must postpone any national ideal which may possibly hurt our present national strength." Countries began once again to fight bitterly with each other for advantages in the political sphere. As a result of all of this revival of the old national psychology and political rivalry the whole structure of the program of international cooperation and peace proclaimed in 1919 has been shaken in every part. The Eight-Hour Convention has certainly been one of the places of strain. Nations have been thinking not so much of the welfare of their working classes as of their political ambitions and safety. Employers could use this intensification of national fears and feeling to sway governments.

The same psychological influences have affected the relationship between the organized workers and employers during these years. Every private interest again began to assert its own needs. The old programs and attitudes of class warfare have

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been adopted. The organized workers' movements have remained faithful in their support of the Convention, with the exception of a few extreme groups. So have a minority of the employers in different lands. But most of the employers' organizations, no longer faced with as powerful trade-union opposition as in 1919 and facing business hardships, have discarded the whole idea of the Convention. They ceased to accept the rôle of leaders in a great social movement which had been cast for them in 1919, as the compulsion upon them lessened. Many of them returned to their old opinions, glad to be free of the effort of organizing their businesses under the restraining terms of this international agreement.

The faith and interest felt in the 1919 Convention as the basis of social reconstruction lost much of its vigor outside the workers' groups. The Director of the International Labor Organization appears to have considered this change of spirit a most real and vital fact. Speaking before the 1922 Conference, he asked " . . . if it is not thought possible to succeed in better organizing industry and in making better use of the lives of the workers, and thus bring at the same time increased productivity to industry and to mankind, is it not because the initial faith has weakened?"

As no less important in retarding and preventing ratification of the Convention must certainly be regarded the economic difficulties and burdens of the years since 1919. These troubles have been so often described and analyzed that there is no need to restate them. Almost every European country has been facing the problems of war debt, inflation, destroyed or lost capital, unemployment, impoverished markets, uncertain finances, poorer organization of its economic life. It has been almost impossible for governments and industries to face the future with any assurance or to know what emergency measures they might be called upon to take. These facts have weighed heavily over men's thoughts in business and over the calculation of governments. Business interests have acted at times in a state resembling panicky fear, which has prevented calm consideration of the terms of the Convention, and fostered misconception of its restrictions and of the terms of national

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legislation that resembled it. In France, for example, the metallurgical industries have been leading the opposition against the existing eight-hour legislation on the score of its rigidity; yet in 1923 they found that they had no need of using anywhere near the total amount of exceptional overtime permitted under the law.[1] Often suffering heavy losses, and afraid of every new turn of events, industry in general has not had the balance to investigate carefully the facts and possibilities of the Convention. It has seemed unwise and dangerous under the circumstances to give a pledge that for ten years the government would not modify its legislation concerning the length of the working day, even with the possible promise that other competitors were also going to accept the same obligation, even with the hope of reorganizing production so that no loss would result. Above all, countries faced with the question of maintaining weakened export trades, and supporting a heavy load of unemployment, have felt they could not take the risk involved in pledging themselves to the eight-hour day in these trades.

During the whole of this hard period, some of the states of Europe have been undergoing a reduction in their standard of living. Even governments convinced of the social importance and justice of the eight-hour day have been compelled to give fresh hearing to the demand that no step be taken which might further reduce production. It might be argued, as was argued in 1919, with intense conviction, that the eight-hour day was not to be considered as an isolated reform, but as the "origin and source of a veritable social renovation", as a first and primary stage of such a "methodical organization of the whole system of labor and of life" as would make it possible to maintain and develop production. But governments and employers, temporarily at least, appear to have lessened their grasp upon that conception, or at least their interest in it. Justly or not, wisely or not, many of them have felt that the possible immediate effect upon production in particular industries was the only thing they could consider. And as far as they were inter-

[1] Tessier, *La Journée de Huit Heures* (Paris, 1923), pp. 23-4.

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ested, amid their general economic perplexity and anxiety, the permanent establishment of the eight-hour day by ratification of the Convention has often seemed only a step in the dark as far as production was concerned. All of the extensive studies of the effects of the eight-hour day upon production have proved nothing clearly except that the results have varied tremendously according to particular instances. They could not tell until they had tried how badly their particular industries might suffer if the Convention were applied, and, facing unemployment, have been afraid to take the risk. When these economic circumstances are considered, it is not hard to understand how governments, not unmindful of the pledge they had given in the Peace Treaty and at the Washington Conference, should have decided to postpone their decision for a while; and since the trade-union movements, to which the declarations of 1919 were the most literal commitments, had suffered loss of strength and were badly shattered, it has been all the easier to yield to this desire for postponement.

Such, then, are the general trends of feeling and reasoning to which may be attributed in a very large measure the smallness of the number of ratifications given to the Eight-Hour Convention to date, whether they be characterized as the signs of cowardice and narrow interest or the signs of political and economic wisdom.

They explain much, but they do not explain everything that has happened to the Eight-Hour Convention. Even when one counts them as overshadowing and entering into all particular situations, a true understanding of the controversy over the Convention requires that various obstacles of a more limited and measurable character be taken into account. In a few instances, notably Great Britain, it appears possible as far as the official utterances of that country have been sincere, that ratification was prevented only by difficulties of this limited type. Furthermore, some of these hindrances will remain even if the economic situation improves and the political outlook becomes more stable. They may be separated into three kinds: first, those which may be traced to the details of the terms of the Convention; second, those which may be traced to the

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constitutional structure and procedure of the International Labor Organization; third, those connected with the question of international competition.

The actual detailed terms of the Convention have in the course of discussion on ratification received two general criticisms. They have been criticized in the first place as going too far in the direction of the universal eight-hour day. They have been criticized in the second place as regulating the hours of work too rigidly for the infinitely various needs and necessities of different industries at different times. The first criticism has been more often made indirectly and obscurely rather than plainly. It has all too often taken only the ambiguous form of a general statement to the effect that the aim of the Convention should have been to "coordinate" or "level up" the legislation of the different countries, rather than to set a new standard for national legislation.[1] It is conveyed by implication that the terms of the Convention should not have been such as to necessitate many changes in national legislation. In this form it has been a difficult criticism to grasp. Provided the Convention has been drawn with sufficient elasticity of detail to meet the practicable and reasonable needs of different industries (a question which will be touched on immediately), not much sincerity can be credited to a criticism based solely on the charge that changes in national legislation were required to ratify it. Or rather such criticism may be taken in reality to be a denial of the whole eight-hour principle. On that point the views of the Director of the International Labor Organization, as stated in his Report to the 1922 Conference, seem to deserve agreement. . . . "If the Draft Convention has the value of international rule, and if its terms are to become the common norm, it is the national laws which ought to be modified to suit it. That is precisely what its authors expected, and the hope of the majority of the Conference which voted for it."[2]

[1] See for example the remarks of Mr. Crawford, Employers' Representative for South Africa, *Proceedings International Labour Conference, 1921*, p. 225.

[2] *Report of Director, International Labour Office, to the 1922 Conference*, p. 1031.

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The criticism that the terms of the Convention go too far in the direction of the universal eight-hour day is probably meant by most of those who make it to be merely another way of expressing the belief that an effective legislative eight-hour day régime is impracticable and unsound. That still remains, of course, a matter of opinion; obviously many governments and employers hold it at the present time. But it is interesting to recall in this connection that in 1919 the terms of the Convention appeared to be little more than the consolidation of the various steps that had already been taken and approved in the important industrial countries. The Convention was voted as it now stands almost unanimously by the representatives of the governments, employers and workers of the countries that have been since called upon to ratify, and at that time it represented a compromise of their judgments and opinions. It is this very change of opinion—apparent or real—since that date that we are endeavoring to elucidate.

As to the question of the precise details of the terms of the convention, of what has sometimes been called the "rigidity" of its terms—the extent and manner in which it lays down the ways and means for establishing the eight-hour régime in practice, and the actual ways and means it lays down—this certainly came to the front in several critical discussions of ratification. Nevertheless it is impossible to know whether in any instance it was ever the determining and fundamental cause of non-ratification. In all the extended discussions on this point the term "rigidity" has been used by different people to mean different things. In the cases of several countries whose action as regards the Convention has been reviewed above, ratification seems to have been prevented or at least seriously impeded by relatively minor provisions, notably in the case of England and Switzerland.

The mere fact that individual states had to face difficulties in any endeavor to make their hours legislation conform to the definite requirements of the Convention does not necessarily mean that the terms of the Convention can justly be called rigid. If the Convention represents a standard, a more effective way of establishing the eight-hour régime than is in force

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in many countries, it was to be anticipated that those countries should have to make adjustments both in their legislative and administrative habits, and in their industrial activities. Such was the natural consequence of any effective international convention dealing with the length of the working day. The will to ratify the Convention would also have been to find a gradual way to make these adjustments whenever they could be justified as absolutely required and reasonable in view of the objects of the Convention.

From this idea we get a clue perhaps as to what may justly be deemed rigidity; the Convention might fairly be called rigid if its terms were drawn without sufficient regard for all the different political and administrative ways in which the purposes of the Convention could be effectively executed in different countries, and if therefore it requires changes in national legislation that could have been avoided by more imaginative and informed composition; it may fairly be called rigid if the terms of the Convention are drawn up without all reasonable regard for the diversity of industrial habit and practice in different countries and if therefore ratification would unreasonably and unnecessarily hinder industrial operations; likewise, it might justly be so characterized if it does not make allowance for all exceptions to the general principle which can be justified on grounds of economic common sense and if therefore the burden upon certain industries would become too heavy.

If we accept these tests of rigidity, many questions suggest themselves in regard to the objections made by various countries with the terms of the Convention. Is it correct to say (accepting the reasons given by the British Government as the true reasons) that it was rigidity in the Convention which has prevented Great Britain from ratifying it thus far? Was it absolutely necessary, for example, that the Convention provide that collective agreements which establish working schedules in excess of the eight-hour day and forty-eight-hour week should be subject to governmental supervision—the situation confronted by Great Britain? Is the provision in the Convention that when the hours of labor on one or more days of the

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week are less than eight, the hours of work on the other days should not exceed nine, a reasonable one in view of the objects sought—a question raised by France, for example, in regard of the dyeing and finishing industry and hydraulic mills, and by Switzerland in regard to many industries?[1] Do the terms of the Convention limiting the granting of permanent and temporary exceptions (as summarized under headings 4 (*b*), 4 (*d*) and 4 (*e*) of our outline) really take into sufficient account the operating problems of such industries as the railroads which must continue seven days a week—another one of the questions raised by Great Britain?

It is impossible for me to undertake to give a detailed answer to these questions and to the score of similar ones which are suggested by the comments of various countries upon the Convention. It is reasonably certain that employers' representatives and workers' representatives would differ in their views in most cases, the first being primarily aware of the difficulty of making satisfactory industrial adjustments, the latter being primarily aware of how easy it is to reduce a general principle to ineffectiveness by the multiplication of exceptions. The answer in each specific case is in the first instance a matter of exact facts and economic judgment, in the last instance quite possibly one of will, managerial ability and workers' intelligence. Since there is so much room for doubt, to say the least, it is easy to understand how a country might sincerely find the Convention unreasonably rigid at one point or another, might consider the changes required in its industrial régime unnecessarily arbitrary and hurtful in view of the object to be attained —all the more so if it were hesitant about the whole question of ratification. It would be surprising if in some respects the Convention were not awkwardly suited to the needs of a particular industry or country, if it did not take insufficient account of some special particularity of industrial custom or administrative method in one or more countries. My own judgment is, that if the Convention is construed loosely rather than

[1] *Report of the Director of the International Labour Office to the 1922 Conference*, p. 1024.

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strictly, the points of real rigidity, of real inadaptability to the needs and variations of industrial activity, are very few. The question presented by the five-day working week is perhaps the most serious of these. The terms of the Convention may represent a severe and difficult standard for industry, considering the standards in existence before the war. The limits it imposes are genuine enough; but the Convention is not notably rigid. That is another matter.

In this connection it may be observed that in some of the European countries, notably Great Britain, part of the opposition may be traced to the fact that it was not merely the eight-hour day that was in prospect, but the legislative eight-hour day. Justified or otherwise, there was probably a fear that another annoying government-inspection service would be introduced, another addition to the force of government officials made—and a genuine dislike of these possible consequences. How likely or inevitable they would be has already been discussed.

The question of rigidity cannot be dropped without observing that in some instances in which the Convention has been called rigid, the difficulty has reduced itself to a matter of interpretation of terms; certain clauses and sections are open to a wide variety of interpretations and have actually been given different interpretations in different countries. This also is not surprising, for a similar situation has arisen as regards national legislation regulating the length of the working day. In the case of national legislation governments during the past several years have almost invariably permitted and favored a generous or lax interpretation of the obligations of their laws. It might have been expected that the same policy would be followed as regards the Convention. But individual governments have feared to act on any supposition or conclusion of their own, lest after ratification they should find themselves the object of complaint on the part of other countries.

On several occasions, as a matter of fact, it has been argued that the terms of the Convention raised hindrances against ratification which will probably in the future be found to have been entirely hypothetical, depending upon the interpretation of its

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terms. During the whole of the discussion with Great Britain concerning ratification, it may be remembered, the Director and legal advisers of the International Labor Organization advanced the view that the terms of the collective agreements on English railroads were not in contravention to the terms of the Convention; but the British Government never fully accepted that opinion and preferred not to act upon it.[1] The objection raised by Great Britain may turn out to be ill-founded. Or again as another example, take the difference of opinion between France and Great Britain regarding the permissibility under the Convention of prolonging the length of the working day beyond nine hours in a forty-eight-hour week under exceptional circumstances. In that matter certainly one or other of the two countries must be wrong in their interpretation of the Convention. What is needed obviously is that there should be established somewhere in the constitutional machinery of the International Labor Organization a body legally empowered to render authoritative interpretations of the terms of draft conventions and recommendations, even prior to their application in any country. Until such a body is established there will always be the chance that a country will decide not to ratify the Convention merely because it has interpreted its terms with greater strictness than might actually have been desired by the Conference.

The Permanent Court of International Justice can consider only those questions of interpretation which arise out of complaints of non-observance made against a country which has already ratified a Convention. There is no constitutional way at present of bringing before it a demand either for an advisory opinion or for an official declaration before ratification. The International Labor Office has called attention to this defect in the constitutional structure of the Organization many times.[2] It has even suggested that the Governing Body of the Inter-

[1] *Report of the Director of the International Labour Office to the 1922 Conference*, p. 1029. The objection is successfully met in the eight-hour bill which is now before Parliament.

[2] See, for example, *Report of the Director of the International Labour Office to the 1922 Conference*, pp. 1029-30.

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national Labor Organization might legally assume this power. But the Governing Body has not shared that view, and has refused the duty, firstly, because its composition and its jurisprudence might change, and secondly, because it would be the Permanent Court of Justice which in the last instance would have the authority to decide the matter at issue.[1] Since this decision of the Governing Body, the whole matter of interpretation has again been referred to the Conference, but no decisive steps to remedy the defect have as yet been taken. As long as no means exist for getting an authoritative interpretation of the terms of the Eight-Hour Convention before its ratification, doubt as to its exact meaning in places and uncertainty regarding uniformity of interpretation will continue to add to the hesitation of certain countries to ratify.

This question of interpretation is the first of those problems on constitutional procedure which have played some part in impeding ratification. Akin to it is the fact that the constitution of the International Labor Organization does not provide any simple means of making minor amendments to conventions or recommendations. If there had been such means, it is possible that they might have been used to meet some of the objections of detail that have been made by the important industrial countries. That difficulty still remains. Under the present constitutional arrangements, the only way of getting even the smallest substantive amendment to a convention is to bring the whole convention up again before an annual conference and to submit all its terms to re-examination—or at least run the risk of that.[2] In regard to the Eight-Hour Convention, this would have been a serious process; the discussion could not possibly have been limited to any particular point. It would have ranged over the whole Convention.

This problem is important, not only for the ultimate fate of

[1] *Report of the Director of the International Labour Office to the 1922 Conference*, pp. 1029-30.

[2] As has been pointed out in a previous footnote, there is also the possibility of obtaining ratifications for conventions accompanied by reservations amounting to amendments. The difficulties and dangers of that course have already been explained.

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the Eight-Hour Convention but also for the other measures that have been passed by the Conferences of the International Labor Organization. For, as the Director of the International Labor Office has himself stated, it can never be expected that the details of the decisions involved in a convention or recommendation will be elaborated during a conference "with an exactitude and foresight which will meet all problems of application among its members".[1]

The question of resubmitting the whole text of the Eight-Hour Convention to another conference for reconsideration and amendment has been under constant discussion in the Governing Body for the past two years—the British Government having made that suggestion at various times with a view of finding a way round its own difficulties. It is unnecessary for the purpose of this paper to discuss the various views that have been expressed on this subject from time to time. The last stage of the question is clearly set forth in the following resolution passed by a special committee of the Governing Body at its meeting in June, 1923:

The Committee,

Considering that difficulties have occurred with regard to the application of the provisions of the Washington Convention concerning the Eight-Hour Day and Forty-Eight-Hour Week, and that these difficulties have impeded the ratification of the Convention by certain countries,

Considering that one of the countries thus affected is Great Britain, a country in which hours of work are in practically general agreement with the terms of the Convention,

Paying tribute to the desire expressed by the British Government to ratify the Convention and after the examination of this Government's suggestion to remove the difficulties in question by means of a revision designed to render the Convention more elastic,

Considering that such revision might destroy the considerable

[1] For analysis of the whole question, see brochure entitled *Institution of a Procedure for Amendment of Conventions — Report prepared by the International Labour Office and submitted to Governments for their observations* (Geneva, 1923).

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value attaching to the present Convention, even not ratified, as a model and as a means of stimulating national legislation,

Is of the opinion that before taking up any position with regard to the question of revision it is desirable to request countries which wish to ratify the Convention and are prevented from doing so by the difficulties referred to above, to indicate the definite amendments required to enable them to ratify the Convention.[1]

It seems plain from this resolution that the hope is to modify the Convention so as to make it possible for governments to ratify without making as many alterations in their national legislation as might be required by the Convention as it now stands, retaining at the same time all the substance of the Convention against which no specially cogent argument can be raised. If amendment of this type is attempted it may be predicted that it will in the last result reduce itself at least as much to a process of compromise between workers' and employers' groups, as to a careful impartial study of the needs of industry. But it will not be tried until all other possibilities fail.

Finally, the character of the process of ratifications itself has in my opinion affected the results obtained. It is possible to appreciate the ingenuity and high value of this process and yet at the same time recognize its drawbacks. The problem that had to be met was difficult. It has been seen that it was not possible when drawing up the Constitution of the International Labor Organization to provide for immediate and simultaneous ratification of conventions at the time of the Conference. In each country the question of ratification must be put before the competent authority after the Convention is passed by the Conference—and such was the case with the Eight-Hour Convention. Ratification commits a country for ten years, and the obligation assumed is not a conditional one. Therefore it is easy to understand the undeniable tendency that has been shown towards the Eight-Hour Convention, for each state to see what the others would do before it acted. Each and every government probably has felt uncomfortable because of the fact that it had to act by itself. Even when it sincerely believed in the Convention it probably felt loath to give up its

[1] Cf. *Industrial and Labour Information*, June 8, 1923.

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liberty in respect to hours regulation while other states kept theirs. A government delegate from the Netherlands described the situation exactly to the 1921 Conference:

> . . . when a government ratifies, it does not know at that time if the other governments will also ratify. Each member binds itself by its ratification and it is very natural that it should wish to know if the others will be bound likewise, above all on questions where international competition is the chief reason for international regulation. With the best intentions in the world, it is to the interest of each member to wait and find out whether other states will bind themselves. . . .[1]

The course of ratification of the Eight-Hour Convention has probably been somewhat affected by this constitutional characteristic of the International Labor Organization. It has been suggested that the embarrassment felt by any country owing to its uncertainty in regard to the action of other countries might be overcome by "conditional" ratification—ratification, that is, which would only come into effect when other specified countries had also ratified.[2] The constitutionality of such a practice is admitted, but few countries have as yet seen fit to try it.[3] The International Labor Office has tried to face this difficulty in still another way; in its informal discussions with the various governments it sought to arrange simultaneous ratifications on the part of states which feared each other's competition. But up to the present there has been little opportunity for success in such a project owing to the international political and economic situation—but future effort (if the reparations question is settled) will be along this line.

From still another angle it may be wondered whether the process of ratification provided in the constitution of the International Labor Organization is best suited considering the results sought. Most international agreements of any difficulty and importance have been in the past usually consummated

[1] *Proceedings of the 1921 Conference*, p. 215.

[2] *Ibid.*, pp. 218-19.

[3] Austria, by a *decret-loi*, has signified its intention of ratifying in this way (May, 1924). France and Belgium seem on the point of taking the same course.

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during a quick, brief period of ardent public interest, or not at all; dragging and delay have usually proven almost fatal to international agreements which involve any vigorous departure from the existing situation. The way in which doubt and some amount of mutual suspicion grew up even regarding the results of the Limitation of Arms Conference at Washington during the months following the Conference—suspicion almost sufficient to have prevented ratification in one country at least—may be taken as a lesson in this truth. The International Labor Organization has had to carry on its effort to secure ratification long after the Conference had dispersed. There has been plenty of time for the emotions and theories inspiring the Conference to change and weaken. Yet this appears to me inevitable since a large number of parliamentary bodies must be consulted.

No matter what the constitutional procedure of ratification, however, it is of course true that the fear of international competition would have come to the fore as it did in the discussion of the Convention. As the International Labor Organization appears to have realized from the start, the ultimate success of the Convention will depend in a large measure upon its becoming almost world-wide—certainly unless and until it is proven that the effects of the eight-hour day on national production are not adverse. Many countries, as we have seen, gave as one of their chief reasons for not ratifying, the fear of the competition of the countries which did not ratify. Sometimes this fear was expressed as regards the whole economic life of the country as with Belgium and Switzerland; sometimes it is expressed as the fear of a particular industry, as in the case of the Italian silk-spinning industry which competes with that of the Far East, and that of the Japanese silk-spinning industry which competes with that of China. Sometimes it has been fear of the competition of the United States which was in men's minds when they spoke on the subject. With regular frequency this came out in the remarks of the representatives of Canada, Great Britain and Japan.[1] This fear of competition on the part of countries

[1] See for example the remarks of Sir David Shackleton, *Proceedings of the 1922 Conference*, p. 81.

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which might not ratify has quite possibly been augmented many times by ignorance on the part of those concerned with the question in each country as to the hours situation in other countries. It is only necessary for an American to discuss American industrial practice with the ordinary European business man to get a clear appreciation of how easily the facts become distorted, and the worst fears seem justified. As was stated in the beginning of this paper, the eight-hour day principle was widely in force in some form or other even before the passage of the Convention. But it is certain that the facts of this situation have not been common knowledge, and that in many countries business men have believed that in their country alone was the limitation of the hours of the working day being pressed so far. Strange and inexact ideas have all the more easily taken the place of actual facts in the excitement of industrial depression. And to this confusion of knowledge may be attributed in some measure the great fears of international competition which have played a part in preventing ratification.

Lastly there has probably lurked in the minds of governments when they have been considering the matter of international competition, a sense of distrust for the action of other governments, even if ratification should become general. The Convention in actual application by means of national legislation and administrative orders produces a complex body of agreements and regulations. There could be no complete certainty that another country would not permit a laxer interpretation of the Convention than one's own, and thereby secure small advantage to its industries. Governments, aware of the difficulties of securing correct information, may have felt no full confidence in their ability to detect and correct variations in interpretation that might affect their industries adversely.

The Constitution of the International Labor Organization provides a method for preventing violations of the Convention and of checking up the interpretations of its terms. But this machinery is as yet almost untried; and it appears at first glance to be cumbrous, involving as it does in its later stages, the action of the Governing Body and the Permanent Court of

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International Justice. In addition it appears possible that its use might stir up political controversy. The International Labor Office is capable of keeping a steady watch over the application given to its conventions, and of keeping governments informed—but many governments have not been prepared to lean so heavily upon it.[1] In all likelihood, as the work of the International Labor Organization continues, it will be found possible to arrange for direct conferences between governments interested to secure an equitable and even interpretation and application of specific terms of the Convention which are creating differences of opinion. The machinery set up in the Peace Treaty plainly envisages this procedure and it would seem the best way of allaying the fears that arise, and of minimizing the use of the constitutional machinery for settling disputes arising out of application of conventions.

We have finished our attempt to understand the influences which have determined the history of the Eight-Hour Convention thus far. The experience has been sufficient to instruct all concerned in the difficulties of framing international labor agreements, the terms of which shall at once be effective considering the views of the Conference which votes them, and still not require too drastic changes in national legislation. It is probable that these difficulties have been greater in regard to the Hours Convention than they would be in regard to almost any other regulating the conditions of labor, because hours regulations affect economic interests so seriously, and because it is so hard within that field to mark the line between practicability and impracticability. The problem of practicability, of not doing injury more serious than any countervailing gain that may be hoped for, was raised at every point in the road even by countries whose interests and desire it has been to bring

[1] The Director's Report to the 1924 Conference contains a very considerable collection of reports made by governments upon the application of the measures which they have ratified. A new and interesting form is gradually being worked out to ensure that these reports shall be complete, comparable and easily analyzable. It is expected that the discussion of these reports will become one of the most important tasks of the annual conferences.

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industrial conditions throughout the world up to the standard they have already established for themselves.

It is evident also that the position of the Convention has been affected by every turn of political and economic fortune, that it did not escape the blighting fears and pessimism which have dominated Europe since 1919. It appears that in most of the states concerned only the labor organizations remained constantly and wholeheartedly in favor of immediate ratification, seeing all the objections of others as insincere or mistaken. Furthermore, the attempt to secure ratifications for the Convention has shown that there are drawbacks and imperfections in the constitutional machinery of the International Labor Organization. These, however, may fairly be judged to be slight considering the novelty of its constitution and delicacy of its duties.

The facts of the present situation have been given. The definite aim of the Convention has not yet been achieved; but the main principle embodied in it has not been discredited. Those immediately concerned with the question of ratification still take a hopeful view of the future and find in the indirect results of the Convention reason to believe that it has already played an important part in recent social history. Thus, the Director of the International Labor Office addressed the 1923 Conference in part as follows:

> In fact, even with the exceptions and distortions of the law, the eight-hour day has become the standard of hours regulation in most states. It is possible, on considering international competition, to take various details into account, but I make bold to say that in a large measure the principle is already respected. I want to go further. The principle is to-day almost unassailable. Doubtless in the future many variations may be introduced. Doubtless anxiety over production will necessitate various special arrangements. What strikes me in contemporary social history is that in spite of all political changes, in spite of agitations and of new constitutional changes, the principle of the eight-hour day has been in no respect struck down. The principles established by the Peace Treaty remain the basis of all the social legislation which is formulated in all the great political crises, in all the crises of national feeling that certain countries have gone through. . . .

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Time and again, there can be no doubt, the existence of the Eight-Hour Convention and the activities of the International Labor Organization in its support have influenced the actions of particular countries in the field of the Convention. It has existed as the great experiment and the point of departure for criticism. Each country has felt an additional responsibility in setting up regulations of hours of work that departed too widely from the principles of the movement, for each has been made aware that its action would have international consequences. The years since the war have shown clearly the difficulties of successfully establishing and applying this Convention. But they have no less clearly demonstrated the desirability of international action in the field covered by it, the practical importance of its central ideas; for never have nations been more constantly aware of international competition, and never has it been clearer to students of international affairs that this competition must ultimately result in breaking down the standards of labor that have been attained if international agreement cannot be reached.

The influences governing the immediate future of the Convention will not differ from those of the past. We have seen that there is no single key to the situation, no single factor determining the final fate of the Convention. The Convention has ahead of it a further period of national debate and international negotiation. Its ultimate disposition is still distinctly in the balance. One thing, I think, can be safely predicted—if the general level and methods of hours regulation contained in the Convention is proven to be suitable to the current economic capacity of the world and if the organized labor movements feel more confident of their influence in the chief industrial states, no minor obstacles in its terms will be permitted to prevent the ratification of the important industrial countries permanently. Some way will be found to amend details if it ever becomes established that details alone prevent ratification.

Furthermore, it may be said that even though the Convention should receive few or no further ratifications for a considerable period, it will continue as at present to be an important factor in all national legislation regulating hours of labor. For

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its terms are fixed firmly in the minds and programs of the industrial workers of Europe; and, barring a recession to an even darker economic outlook than the present one, the Convention will continue to represent to these workers and to some governments a standard which it is reasonable and just to try to attain.[1] As long as that whole program of the improvement of industrial conditions which is contained and expressed in Part XIII of the Peace Treaty commands the expectation of the workingmen, the Eight-Hour Convention will exercise a definite influence in all national legislation on the working day.

Even in those states which do not ratify or establish the legislative eight-hour day it may be expected that individual industries and enterprises under collective bargaining arrangements will be striving to make the adaptations necessary to the successful operation of the shorter working day.

For the rest, both judgment and prediction is difficult. It seems clear now that no temporary impulse of social justice or even definite ascendancy of organized labor in the economic balance of individual states is sufficient in itself to establish the eight-hour régime *genuinely* and *permanently* in practice. The problem of production will continue to assert itself as persistently in the future as it has in the recent past; and the problem will have to be satisfactorily met before the eight-hour régime is willingly and squarely accepted even by international agreement. That will require a successful adaptation of men and machinery, changes in industrial technique and organization, in traditions and ideas. Above all it awaits the further

[1] The struggle in unoccupied Germany and the Ruhr has kept the trade-union movement throughout Europe as intent upon the issue of the length of the working day as in 1919. The latest pronouncement on the subject is a resolution of the International Federation of Trade Unions (January, 1924): "The International Federation of Trade Unions at Amsterdam decides that it is the two-fold duty of the working classes of all countries to oppose with all their might the slightest attack on the eight-hour day. . . . The working classes should reply to the campaign of employers against the eight-hour day by a campaign for workers' control and management. If employers want to prove the sincerity of their assertions against the eight-hour day, they must first allow manual and intellectual workers the share in the control and management of all undertakings to which they are entitled. . . ."

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training and development of business leadership possessed of a sense of modern realities and aspirations, inclined towards the way of the eight-hour day, utilizing the human strength and good will that is conserved by it. The struggle of economic and social interests in each country, the impulse of individual business men moved by some vision of social justice, and the course of invention, are the chief forces, it appears from the past, which spur on that adaptation. These forces live on within each state at the present time and will not let the matter rest. If labor governments should come into power in many or all of the chief industrial states of Europe, further hours legislation will no doubt be passed, and the process of ratification would be hastened. Individual governments might try to force the necessary changes in industrial practice at once. The question of production with the eight-hour day would then have to be faced under more dramatic circumstances. But it would not disappear and in my opinion it would not solve itself quickly and dramatically. It will be possible to secure a quicker and perhaps more thoroughgoing test of the matter by political action, but the problems of industrial technique and industrial relationship involved will not be finally settled by such action. In the long run it is doubtful whether even organized labor movements or labor governments would support the eight-hour day if real incomes are not maintained at the previous level. Where such does not occur under the prevailing capitalist system, attempts to supplant it, peaceful or violent, may conceivably result. But here we reach the point where, in the complex of European affairs, prediction is forced to a halt.

Our closing observation must also be one of uncertainty, or rather a collection of uncertainties. The action taken upon the Convention is bound to be gravely influenced by the future course of international political relations which seem to hang on a different balance from month to month, by whether a satisfactory reparations settlement is put into operation and that most serious source of fear and hatred in Europe is finally sealed, and by the future flow and movement of international trade, affecting, as that will, commercial and social policy. In

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these matters the present outlook (May, 1924) is more promising than at any time since the adoption of the Convention in 1919, and opinion in the separate states seems somewhat more willing to accept workable compromises of their differences, but confident prediction must partake of foolhardiness. As far as there is any key to the immediate situation, it is the policy that will be favored by the Allies as regards the length of the working-day in Germany under any reparations scheme that is put into effect.

POSTSCRIPT

Various events favorable to the ratification of the Eight-Hour Convention have transpired in the few months that have passed since the preceding survey of the situation was made, events of the order and character which have been indicated as decisive of the immediate fate of the Convention. There has been a notable moderation of post-war hatreds and suspicions, a rejection, temporary or permanent, of national policies arising out of bitterness and resting mainly on force, a partial rebirth of the ardor of 1919 for international peace and appeasement. These changes of sentiment have manifested themselves in the reversals of governments in France and Great Britain, in the strengthening of the German Government and its success against the nationalist parties, in the successful elaboration of the Dawes plan and the London agreements putting it into effect, and most recently in the adoption by the Assembly of the League of Nations of the compact for Security and Disarmament. The economic recovery of Western Europe has been lagging but decided; the trade-union movements have been gaining somewhat in prestige.

The Eight-Hour Convention has been receiving renewed consideration during this period of international change and activity. At the June 1924 Conference of the International Labor Organization the British Government representative proclaimed the intention of his party to proceed vigorously with the eight-hour bill that had been laid before Parliament. M. Justin Godart, the new French Minister of Labor in the Herriot cabinet, stated the desire of France to ratify the Convention;

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that desire was reechoed by many of the workers and government representatives present. The chief enigma and new obstacle in the way was the attitude of the German Government, whose widespread departures from the eight-hour day have already been described, and whose declarations before and during the Conference reaffirmed the intention of the Government to retain the longer working-day.

The serious consequences of the German policy were already becoming evident. Poland, in consequence of acute unemployment in the metallurgical industries of Polish Upper Silesia, and declaring the step necessary in order to meet German competition, abrogated its eight-hour decree in respect to the foundries in the Polish section of Upper Silesia and established a ten-hour régime.[1] This was followed by a general strike of protest but nevertheless went into effect. The Czechoslovakian Government manifested a new uneasiness in regard to the situation of its industries which were in direct competition with those on the other side of the German frontier. The new governments of Great Britain and France, now pledged to their supporters to maintain the eight-hour day, found themselves hindered by the German policy, which their predecessors, with a view to reparations, had been disposed to favor. The international trade-union movement took a firmly renewed attitude of opposition towards any reparations policy which menaced the shorter working day.

[1] The President of the Polish Council of Ministers gave the following explanation of the reasons for the decree of July 18, 1924, establishing the longer working day: "The decree of the Minister of Labor, which for three months authorizes the extension of the working day in the metallurgical industry of Upper Silesia, does not mark a change in the attitude of the government towards the retention of the social advances of Polish workers, which it entirely favors. It is merely the consequence of the fact that for six months past on the German side of the frontier the working day of ten hours is being enforced on a wider scale. Believing this condition to be an international menace, the Polish Government protested to the League of Nations. But unfortunately the International Labour Office has not been able to bring Germany back to respect for these social advances. I am convinced that despite everything we will be able to maintain them in Poland. The situation in Upper Silesia is exceptionally difficult and it is not possible to hope to keep the metallurgical industry there at work without adapting working conditions in Polish Upper Silesia to those in German Upper Silesia. . . . There is no question of extending that measure to the rest of the territory of the State. . . ."

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The fruit of all these influences was a conference of Ministers of Labor held in Berne, beginning September 9, and attended by the Ministers of Labor of Great Britain, France, Belgium and Germany. This conference was called not on the initiative of the International Labor Organization, but on that of the governments concerned. It had two main purposes: first, to give the governments an opportunity to go over the terms of the Convention, clause by clause, and reach a mutual understanding as to the meaning of each and the changes in national laws and orders required to ratify; second, to discuss with the German Government its position in regard to the Convention.

Both these objects were accomplished. Few differences of opinion manifested themselves in regard to the meaning of the Convention. The French Minister of Labor agreed that in order to observe it fully, the present French law dealing with the length of the eight-hour day, and more particularly the administrative orders issued under it, would have to be modified in details. An agreement was reached that the French Government should take the necessary steps in this direction, and it is understood that the government will push forward a bill for ratification in the present session of the Chamber of Deputies, the ratification being made conditional upon ratification by Germany. The British minister agreed to a similar effort, a bill carrying out the terms of the Convention already being before parliament, the successful passage of the bill to be followed by ratification.[1] If Great Britain and France ratify the Convention, Belgium will ratify simultaneously, it is understood.

[1] In connection with the British reluctance to interfere with the results of collective bargaining, which has already been dwelt upon, the following clause from the Eight-Hours Act now before Parliament is of interest:

"2 (5). If in the case of any class of employment or of any class of undertaking, an agreement has been arrived at between organizations of employers and workers, or where the Crown is the employer between the Crown and any organization of workers, concerning the limit on the working hours, the Minister, if satisfied that owing to the exceptional circumstances of the case the class of employment or undertaking is one to which it is not reasonably practicable to apply the limit imposed by section one of this Act [which lays down the eight-hour day and forty-eight-hour week principle], and that the number

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The attitude of the German Government has changed, but is still somewhat undecided. The Minister of Labor, Brauns, shifted his position during the conference and has agreed to work for ratification; the change is probably due to the fact that the Christian Socialist movement in Germany has united in advocacy of the shorter working day, more than to any other single influence. But the position of the German Government is not yet finally determined; it is moved by many complex considerations and pressures which change from day to day. It is conceivable that it may even strive to use the question as an instrument with which to try to influence the whole course of future reparations payment, if the immediate trade-union pressure is not strong enough. The attitude of the Allied powers may be decisive, but that, as experience shows, may also be inconstant. It has been pointed out above that the present French Government, even if it decides to ratify the Convention immediately, plans to make the ratification conditional upon similar action by Germany. It can be repeated that in so far as there is a single pivotal point in the situation it is the action taken by Germany, pledged to carry out the Dawes plan and subject to Allied pressure. This study, if it reveals anything, reveals that the eight-hour day reform is, at least as far as Europe is concerned, an international reform. The future history of the Convention, like that which has already elapsed, will not remain unaffected by any of the turns and movements in European social, economic and political affairs. Its present prospects, like that of the program for permanent peace and reconciliation and for general economic recovery, seem brighter at present than at any time since 1919. But he who would pull the mask off tomorrow's face, must have private encouragement withheld from me.

HERBERT FEIS

UNIVERSITY OF CINCINNATI

of working hours authorised by the agreement does not exceed on the average forty-eight per week, may by order provide that as respects that class of employment or that class of undertaking the limit of working hours shall be that specified in the agreement." Hours of Industrial Employment Bill, 14 and 15, Geo. 5.

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MERCANTILISM AS A FACTOR IN RICHELIEU'S POLICY OF NATIONAL INTERESTS

THE doctrine of national interests, political, economic and otherwise, constitutes a significant connection between the governmental policies of the modern democratic nation and of the absolute state in the seventeenth century. In recent times the internal and external policies of countries have been influenced by the dominant considerations of the nation's welfare. The economic development of imperial Germany before the war and the French policy in the Ruhr after the war are interesting manifestations of this doctrine. In the seventeenth century, however, one finds the true classical example of this ideal.

At that time, the administration of the absolute monarchs was influenced by the same fundamental motives of national interests. The typical king considered his personal advantage and the public welfare as identical. *L'état—c'est moi*, a remark often attributed to Louis XIV of France, expressed very well the prevalent conception of absolutism. This identification of the national interests and the personal welfare of the ruler meant that the ideal monarch used all of the resources of his kingdom to enhance the power of the state and his own glory. Centralization of political, economic, social and religious matters in his hands enabled the ruler to carry out his policy of state aggrandizement.

The period between the Renaissance and the French Revolution was of primary significance because the doctrine of national interests developed at that time. During this era of territorial consolidation, the leading administrators, influenced by this idea, directed their political, economic, religious and social policies with one ultimate purpose in mind—namely, the creation of a strong and happy state.[1] Threatened by political,

[1] Meinecke, F., "Die lehre von den interessen der staaten in Frankreich Richelieus," in *Historische Zeitschrift*, vol. CXXIII (1920-1921), pp. 15-16.

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economic and religious decentralization in the sixteenth century, France, for example, emerged during the latter part of the next century as a powerful absolute monarchy, and thus may well be considered the classical example of this doctrine.[1] The making of the French monarchy under Henry IV, Richelieu and Colbert became a work of art, and the product—the absolute kingdom of Louis XIV—excited the admiration of Europe.

Few people living in the troublesome days of the religious wars in sixteenth-century France could have predicted the rise of this great nation in the next century. The struggle between the Huguenots and the Catholics, the rivalries between the powerful nobles and the weak central government during the administrations of Francis II, Charles IX and Henry III, presaged not only the downfall of the centralized state, but also the possible extension of Spanish or even English influence in French territory. Gradually a new attitude toward the problems of the nation developed among certain political leaders in France. These men, for either personal or patriotic motives, came to the conclusion that the interests of the state should supersede all local, political, social or religious interests. In other words, they decided that their own advantage required the preservation of the centralized French monarchy. In this connection they must defend the government against the attacks of all internal or external decentralizing forces. These so-called *Politiques*, many of them liberal Catholic noblemen, maintained, furthermore, that the decentralizing tendencies of the religious wars had clearly demonstrated the necessity for religious toleration, if France was to maintain her existence as a consolidated state, and protect herself against the attacks of foreign foes. The *Politiques* believed that Catholicism, as interpreted by the Catholic League, was an international religion. Therefore, as true members of that faith, the latter could only consider union in terms of a common doctrine and of a common faith, transcending the limitations of patriotism and nationalism. The *Politiques* maintained that Calvinism, on the other

[1] *Ibid.*, pp. 24-37.

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hand, as practised by the Huguenots, caused the latter to display an equally dangerous inclination to favor the political rights of the territorial nobility, and thus to encourage the forces leading to decentralization. The *Politique* party believed that they alone realized the unfortunate results of the political and religious trends of the day, and had the courage to present a practical theory of government which would free the state from its perilous position by forcing all parties to settle their disputes upon considerations of national interests. They advocated, especially, a religious toleration which would end the destructive religious wars and strengthen the authority of the king.[1]

This policy of national interests, however, could not be successfully adopted by a group of local nobles. The leadership of a king was necessary before the initial steps towards the development of the modern absolute state could be taken. Opportunely a monarch ascended the throne of France in the latter part of the sixteenth century who was willing and able to maintain this policy. It was this ruler, Henry IV, who really established the foundations of the absolute French monarchy.

Although a Huguenot, Henry of Navarre accepted the program of the *Politiques* and, before he became king, formed an alliance with them in an effort to stamp out the religious wars in southern France. After the death of Henry III, he claimed the throne, although he was a Protestant. In a short time, however, he realized that it would be impossible for him to rule a Catholic nation as a Protestant king, even though he recognized the principle of religious toleration. The doctrine of national interests required that he should change his religion, and should ascend the throne as Henry IV, Catholic King of France. His final renunciation of the Huguenot faith and his rise to the Kingship did not, however, signify the ruin of that sect. Instead, moved by the same considerations of national interests, he practically established religious toleration for the Huguenots in his Edict of Nantes, 1598.[2]

[1] Hanotaux, G., *Études historiques sur le XVI^e^ et le XVII^e^ siècle en France* (Paris, 1886), pp. 122-124. See also Ambert, J., *Duplessis Mornay, 1549-1623* (Paris, 1847), p. 147.

[2] Meinecke, *op. cit.*, pp. 24-25.

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The policy of national interests dominated not only the religious phase of Henry IV's government but also his entire administration. Although a convert, he favored a war against the Catholic Spanish house in order to break the encircling policy of his Hapsburg neighbor. He intended by this means to strengthen the European position of France and to force other European nations to respect her policy of developing the national welfare. Henry and his minister Sully, influenced by this doctrine, also initiated an economic policy of state-building which paved the way for the mercantilist achievements of Richelieu and Colbert. Their financial policy, their efforts to encourage trade, industry, agriculture and colonization marked the working out of this national-interest idea along economic lines. The absolute and mercantilist French state was the inevitable product.

The age of the Regency which followed the untimely death of Henry IV, in 1610, was a period in which France failed to develop along the path of national interests.[1] Marie de Medici, mother of the young Louis XIII, refused to adopt Henry's policies. The French state, as a result, declined. Many people, however, opposed the weak, corrupt and non-nationalistic policy of the queen regent and her foreign advisers. Finally, in 1614, confronted by a critical financial crisis, she called the Estates-General to give her the customary moral support which that moribund body alone could offer.[2]

Opposition to the weak administration of the government was evident at that time. The economist Montchrétien, for example, predicted economic and political chaos unless a strong and efficient government should be established in France. In a treatise which contained the essential ideas associated with mercantilism, he argued for a powerful economic state administered by capable leaders. According to him the social organization extended beyond the interests of the individual, the family, the community and even the particular interests of the

[1] *Ibid.*, pp. 24-25.

[2] *Ibid.*, pp. 24-25. See also Palm, F. C., *The Economic Policies of Richelieu* (Urbana, Ill., 1922), p. 21.

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nation. It involved a multiplicity of relations between individuals, communities and nations which only great men of state could direct. Under the leadership of a competent statesman, therefore, French interests could be maintained by the development of trade, industry and colonies.[1] Montchrétien, in other words, believed that the true interests of France lay in the creation of a strong absolute state, with special emphasis upon its mercantilist development.

The treatise of Montchrétien clearly demonstrated the economic factors involved in state-building. According to the economic historian Deschamps, Montchrétien formulated in his book all the important economic principles of the seventeenth century. Even the great minister, Cardinal Richelieu, adopted his ideas.[2] If this assertion be correct then Richelieu's administration, from the economic viewpoint, is of prime significance. He might well be considered a statesman who opposed not only the political but also the economic decentralizing forces in existence at the time of the Regency.

Historians have generally agreed that Richelieu as a political administrator was largely responsible for the creation of the absolute monarchy. It is not always admitted, however, that he instituted a mercantilistic policy as a logical reaction against the economic as well as the political decadence of that time. Indeed, an attempt to portray him as a statesman who was instrumental in the development not only of the absolute government but also of the vigorous mercantilistic state is opposed by a few advocates of the old "orthodox" political school of historical interpretation.[3] Was it possible, however, for so capable

[1] Montchrétien, A. de, . . . *Traicté de l'œconomie politique*, ed. by Th. Funck-Brentano (Paris, 1889), Introd. xxv. Montchrétien believed that France could not become a great power unless she adopted a mercantile policy and proceeded to develop commerce, industry and colonies. He cited the commercial growth of Holland as an illustration of a small nation made powerful because of trade. "The Dutch," he claimed, "in spite of limited agricultural and industrial resources, have created a great commercial nation." See Montchrétien, *op. cit.*, pp. 207-208.

[2] Deschamps, L., *Histoire de la question coloniale en France* (Paris, 1891), pp. 61-62.

[3] A typical illustration of the "orthodox" conception appears in a review of

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a minister as Richelieu to create a centralized state and at the same time neglect the economic phases of his administration? The rise of the absolute government was not occasioned merely because it afforded the political order and security which individuals, communities and nations demanded. Economic conditions also played their part.

In the seventeenth century the commercial revolution made trade, industry and colonization matters of national interest. Logically, the absolute state came in not only to protect these interests but also to encourage them. In so doing, the government quite naturally adopted a mercantilist policy. State-building along political and economic lines became the order of the day.

The leading statesmen at that time appreciated the importance of the economic problems involved in their administration. The commercial development of Holland and the mercantilist growth of Prussia under Frederick William, the Great Elector, demonstrated the influence of commerce, industry and colonization not only upon those countries but also upon the policies of their rulers. John DeWitt, Grand Pensionary of the Netherlands, asserted, for example, that national interests required the Dutch government to look after the public welfare by protection and assistance in the development of trade, industry and colonization.[1] Political and economic centralization, in fact, became the vogue in seventeenth-century statecraft.

The absolute ruler at this time also realized that the people played an important part in political and economic national

the writer's *The Economic Policies of Richelieu*. In the review which was published in the *English Historical Review* for April, 1923, p. 304, the anonymous reviewer did not refute the writer's thesis that Richelieu had a well-defined economic policy, essentially mercantilistic, but did endeavor to discredit it through objections to minor details. For example, he criticized the writer for not using the *Mémoires* published by the *Société de l'histoire de France* instead of an earlier edition. The only volumes of the new edition which had appeared at the time of the publication of the writer's monograph were some which dealt with the early life of Richelieu, and did not embrace the period of Richelieu's ministry. The reviewer's criticism was based on ignorance of this fact.

[1] DeWitt, J., *Political Maxims* (London, 1843), pp. 6, 23, 29-31, 117-131.

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development. The enlightened administrator admitted that the interests of the state and the people were identical. As a result, he strove, first, by means of diplomacy and war to enhance the political power and territorial extent of the nation, and, second, by means of a mercantilist policy to increase the wealth of the state and by so doing promote the welfare of the people.

It is true that the enlightened despots of the eighteenth century were the classic exponents of the absolute government based on national interests. Frederick the Great, Catherine II and Joseph II, influenced by the ideas of the philosophers, created in their respective countries, Prussia, Russia and Austria, the typical enlightened monarchies of that era. In France, on the other hand, absolutism had reached its height a century before, under Richelieu, and by the eighteenth century was on the decline. Enlightened despotism in France, therefore, goes back to the régime of the Cardinal, an administration which was built upon the foundations so ably constructed by Henry IV and his minister Sully.

Like his predecessor Henry IV, Cardinal Richelieu, when he came into power in 1624, was confronted with the problem of a weak central government, more or less at the mercy of internal and external decentralizing forces. Individual interests were substituted for the welfare of the state. Trained as a churchman, it was quite natural that Richelieu should be influenced by the fundamental belief that political and economic centralization and authority in the hands of one man constituted the only cure for the ills of France.

> At the time when Your Majesty resolved to admit me to your council and to an important place in your confidence in the direction of your affairs, [wrote Richelieu] I may say that the Huguenots shared the state with you; that the nobles conducted themselves as if they were not your subjects, and the most powerful governors of the provinces, as if they were sovereigns in their offices . . . I may also say that the foreign alliances were unfortunate; individual interests being preferred to those of the public; in a word, the dignity of the royal majesty was so disparaged, and so different from what it should be, owing to the malfeasance of those who conducted your affairs, that it

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was impossible to perceive its existence . . . Notwithstanding these difficulties, which I represented to Your Majesty, knowing how much kings may do when they make good use of their power, I ventured to promise you, with confidence, that you would soon get control of your state, and that in a short time your prudence, your courage, and the benedictions of God would give a new aspect to the realm. I promised Your Majesty to employ all my industry and all the authority which it should please you to give me, to ruin the Huguenot party, to abase the pride of the nobles, to bring back all your subjects to their duty, and to elevate your name among foreign nations to the point where it belongs.[1]

Richelieu then proceeded to carry out the policy which he had outlined when he became first minister of France. He first deprived the nobles and the Huguenots of considerable political power and thus strengthened the authority of the King. Then, under his guidance, France participated in the Thirty Years' War. As a result, he checked the efforts of the Spanish Hapsburgs to encircle France, and elevated his country to a political and territorial place of importance in Europe —as he called it, "the point where it belongs".

Influenced by the doctrine of national interests, Richelieu did not limit his administration to political affairs. He realized from the beginning of his régime that the interests of the nation required an economic policy of state-building. In 1616, before he became first minister, he suggested that an investigation be made to ascertain the best means of encouraging the marine, so as to benefit commerce.[2] Two years after his rise to supreme power, he created the office of "Grand Master, Chief, and General Superintendent of the Navigation and Commerce" of France, so that he could carry out the policy of economic development expressed ten years before. "God be praised," asserted the *Mercure François*, "that lacking in power because of the weakness of France on the sea, the king has committed the police and administration of the sea to the care and direction of the greatest person of the century, and the most worthy

[1] Richelieu, A. J., Cardinal de, *Testament politique* (Amsterdam, 1709), pp. 6-9.

[2] Levasseur, E., *Histoire du commerce de la France* (2 vols., Paris, 1911), vol. I, pp. 252-253.

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pilot of the state. As he has appeased the storm of civil wars and foreign tempest near and far, so he will build up commerce by means of power upon the ocean and by means of his ability to render France immune from the attacks of other nations."[1] Richelieu, as "General Superintendent of Navigation and Commerce", was to guard the interests of France on the high seas, just as he maintained them on the continent.

The Cardinal was keenly interested in the duties of this particular position. Combining in himself the functions of a number of former officials, he had accepted the position in order to centralize the control of the sea and of commerce in his own hands.[2] After he had accomplished this purpose he proceeded to use the office to develop the economic interests of the state. He appointed, for example, a number of men to investigate and make reports concerning various commercial problems.[3] He also made vigorous attempts to establish a powerful naval and commercial marine. Meanwhile he encouraged the founding of a great French colonial empire. By his external policies alone, he sketched the broad outlines of the mercantilist policy which his successor Colbert evolved in more complete detail.[4]

The Cardinal intended to develop the internal resources of France, but he was hindered in this policy by the wars which followed his efforts to increase the power of the king in France and in Europe. He stimulated the growth of certain industries in France, however, and encouraged the immigration of Dutch engineers and artisans into his country.[5] As a result, France

[1] *Mercure François* (25 vols., Paris, 1605-1644), vol. XIII, pp. 257-258.

[2] For an account of the duties of the "Superintendent of Navigation and Commerce" see Isambert, F. A., and others, *Recueil général des anciennes lois françaises depuis l'an 420, jusqu'à la Révolution de 1789* (29 vols., Paris, 1829), vol. XVI, pp. 194-197. See also Palm, *op. cit.*, chs. vii, viii, and ix, for information concerning Richelieu's external economic policy.

[3] Richelieu, A. J., Cardinal de, *Lettres, instructions diplomatiques, et papiers d'état*, ed. by George Comte d'Avenel in *Documents inédits sur l'histoire de France* (8 vols., Paris, 1853-1877), vol. II, pp. 163-166, 290-292, 345, 380; also Sourdis, Henri de, *Correspondence*, ed. by M. Eugene Sue in *Documents inédits sur l'histoire de France* (3 vols., Paris, 1839), vol. I, Introd. xxx.

[4] Montchrétien, *op. cit.*, Introd. xxxi, lxxxix.

[5] Richelieu, *op. cit.*, pt. II, p. 143. See also Palm, *op. cit.*, pp. 82-91.

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made some progress in the development of her resources during Richelieu's administration. John DeWitt evidently appreciated the improvement in the economic situation in France when in 1658 he wrote, "As to *France*, we are to observe, that formerly that country subsisted wholly by tillage, and therefore could suffer little damage by a war at sea. But since the reign of *Henry IV* many heavy impositions have been laid upon all imported and exported manufactures; and the weaving of silk, wool, and linnen, with many other mechanick works, is so considerably improved there, that the *French* can supply others with more made stuffs and other manufactures, than foreigners take off."[1] France evidently experienced not only an external but an internal economic development during the administration of Richelieu. Thanks to his appreciation of the real national interests, his state emerged from the Thirty Years' War not only a strong absolute monarchy, secure from internal or external attack, but also a growing commercial nation with a well-defined mercantilist policy.[2]

Unfortunately the untimely death of Richelieu in 1642 prevented the happy consummation of the political and economic policies which he had begun. The Cardinal, nevertheless, planned for the continuation of his program even after his own death. Realizing that he could not live very long, he wrote a political and economic treatise, his *Testament politique*, which was to serve as a guide for the King. This work contained the political and economic ideas of the great minister, and thus revealed the true significance of his administration.

The *Testament politique* for a long time was not considered an authentic work of the Cardinal. His *Lettres* and the *Mémoires* were quoted instead as the official sources.[3] Within the last few years, however, historical investigation has proved the authenticity of his *Testament politique*, and, curious to relate, has questioned the genuineness of his *Mémoires*.[4] As a result

[1] DeWitt, *op. cit.*, p. 228.

[2] Even the financial administration of Richelieu was not as haphazard as generally pictured. See Palm, *op. cit.*, pp. 62-81.

[3] See Lodge, R., *Richelieu* (London, 1896), Appendix C, pp. 234-235.

[4] For investigations upon the "authenticity" problems, see Boehm, E., *Stu-*

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of these discoveries, a new interpretation of Richelieu's administration is unavoidable.

The acceptance of the *Testament politique* as the authentic contribution of the Cardinal is especially important because of the economic ideas expressed in the work. The treatise, in the first place, demonstrates the influence of the national interest doctrine upon the Cardinal. "The public interests," he wrote, "must be the chief aim of those who govern the state."[1] Individual interests should receive secondary consideration. To illustrate, he claimed France was a weak state because she failed to follow the path of national interests. Spain, on the other hand, was powerful simply because she adhered to this doctrine.[2]

As a first step in the development of national interests, Richelieu proposed a strong kingship. The ruler must be respected by his subjects and by foreigners.[3] Even though the interests of the monarch and his people were identical, nevertheless he should have the power which would enable him to rule for the benefit of all, rather than for the aggrandizement of a few, or in other words the development of the state as opposed to the separate interests of private individuals.[4]

The doctrine of national interests also influenced him in his consideration of the perennial problem of French security. Swayed by that doctrine, he opposed wars of conquest, and instead advocated natural frontiers, defended by a strong army, so that the people could enjoy repose and not be threatened by an invasion of their enemies who hated and envied their grandeur and prosperity.[5] The destruction of the balance of power

dium zum politischen Testamente Richelieus. Der streit von die echtheit . . . (Leipzig, 1902); Richelieu, A. J., Cardinal de, *Maximes d'états et fragments politiques du Cardinal de Richelieu,* ed. by G. Hanotaux (Paris, 1880); Palm, *op. cit.,* Appendix B, pp. 189-195; and Battifol, L., "Les faux mémoires du Cardinal de Richelieu," in *Revue des deux mondes,* April 15, 1921.

[1] Richelieu, *Testament politique,* pt. II, p. 14.

[2] *Ibid.,* pp. 15-16.

[3] *Ibid.,* pp. 64-65.

[4] *Ibid.,* pp. 66-67.

[5] *Ibid.,* pp. 68-73.

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was not at that time a part of Richelieu's policy. He evidently realized that the true interests of the state required the economic as well as the political and territorial development of France.

He especially encouraged, in his *Testament politique*, the growth of commerce, industry, agriculture and colonies. As a preliminary step in that direction he emphasized the importance of power on the sea. "The state," he claimed, "must be powerful on the ocean in order to protect its commerce against the opposition of the English and Spanish sea powers."[1]

To Richelieu, commerce was primarily a "dependency of sea power". A nation, he maintained, in time of war, could increase her territory, but in an era of peace the true interests of France necessitated the development of commerce.[2] Holland, for example, was a country with considerable wealth and power because of her important trade. "The wealth of the Dutch, a nation with a handful of people limited to a small corner of the earth . . . is an undeniable example of the utility of commerce."[3] He also appreciated the importance of the Dutch Empire. Holland, he claimed, profited by her trade with the West Indies and East Indies at the expense of the Spaniards and Portuguese. She carried on a trade with all parts of the world with the exception of China. France could likewise establish a great commercial and colonial empire. Self-sufficing, she had in the past neglected trade. As a result, he maintained, she was dependent upon her neighbors, who made her pay dearly for their goods. "But France is a fertile country. She can raise wheat, wine and other commodities. By establishing commerce, she can draw money from other countries.

[1] Richelieu believed that the French power on the sea should enable her to oppose not only the Spanish claims to colonial and commercial supremacy, but also the encircling policy of her Pyrenean neighbor. By means of a strong navy France, he claimed, could keep the Spaniards out of Italy, and thus hinder their continental aspirations. *Ibid.*, pp. 117-130.

[2] *Ibid.*, p. 132.

[3] "Even though Holland is limited to the production of butter and eggs, yet, by means of her commerce, she furnishes most of the nations with the necessities of life." *Ibid.*, pp. 132-133.

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She also can make her own cloth, instead of purchasing it from Spain, England and Holland. France, furthermore, is industrious enough to create manufacturing concerns which would surpass her neighbors. Trade with the various parts of the world would then follow, and France would become a wealthy nation." [1]

It thus becomes evident that Richelieu was dominated by the national interests doctrine. He could see in the creation of a great French commercial and colonial empire the logical consummation of his administration. His opposition to the Spanish Hapsburgs during the Thirty Years' War, therefore, was not alone significant in that it simply determined the relative political and territorial positions of the Hapsburgs and Bourbons in Europe; for as a mercantilist, Richelieu could see in this war against the Spanish house the means by which he could establish French power both in Europe and on the sea.[2] His opposition to Spain was simply a step in his efforts to create a powerful political and economic French state—the logical goal of an administration guided by the doctrine of national interests.

Richelieu's economic policy was not limited to internal and external commercial development. He appreciated the importance of sound finances, for they were, he maintained, the nerves of the state. Unfortunately, his wars and his internal problems prevented a happy solution of the tax problem during his administration. Richelieu, nevertheless, had some sound financial ideas which he expressed in the *Testament politique*. He maintained, for example, that taxes should not be so heavy that they would ruin the people. Like a modern financial administrator, he believed in economy as the fundamental solution for the tax problem. The less money that the state exacted from the people, he claimed, the stronger the government would become. He appreciated the financial economies introduced by Henry IV and Sully, although he admitted that internal dissensions and foreign wars had prevented him from

[1] Richelieu, *Testament politique*, pt. II, pp. 133-139.

[2] *Ibid.*, pp. 139-140.

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carrying out those reforms. National interests made it necessary for him to delay financial changes until after the settlement of internal and external political, territorial and religious problems.[1]

It was indeed unfortunate that Richelieu did not live long enough to effect some of his financial reforms. Practical and scientific, his ideas in certain respects resembled the financial policies of Turgot and of a number of our modern administrators. For example, he appreciated the interdependence of taxes and commerce. In this connection he advocated centralization of taxes, in as much as the local levies injured trade. He realized that heavy taxes tended to increase the price of commodities and in so doing injured French commerce. "High prices in France," he claimed, "would force nations to purchase goods in other lands, and thus France would have a surplus of commodities, with no market. As a result, the state would have no money."[2] On the other hand, he believed that by means of the fall in prices which would accompany low taxes French trade would increase, and thus the government would be recompensed for the losses which resulted from decreased taxation. Furthermore, he maintained that high taxes destroyed thrift, because there would be no incentive to save when people had to give all of their surplus to the local province or to the government. If the people were burdened with heavy taxes, they also would not have the money necessary to carry on business. There is a limit to the amount of money a king can exact from his subjects. If he exceeds that limit he will lose the fidelity of his people, and this loyalty is of more value to the ruler than a gold reserve. "Reform the finances; ease the people!" he advised the King, "so that by your interest in the public welfare you will gain the love of your subjects, and thus be considered king of the French, instead of king of France."[3] All of this has a peculiar modern ring, in the light of present-day, post-war problems.

[1] *Ibid.*, pp. 148-150, 153.

[2] Richelieu apparently did not appreciate the fact that a superabundance of commodities tends to lower prices.

[3] *Ibid.*, pp. 154-158, 186-187.

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The doctrine of national interests evidently guided Richelieu in his financial as also in his political, religious and commercial policies. It was, in the final analysis, the fundamental ideal behind his entire administration. To unify the country within and to raise the state to its proper political and territorial position in Europe by means of diplomacy and war were simply the political manifestations of this doctrine. But the creation of an important marine, the development of trade, industries, agriculture and colonization, and the elaboration of a sound financial system were also inevitable economic policies growing out of this same doctrine. So it was that he traced the general outlines of not only a magnificent absolute monarchy but also the powerful mercantilist French state. Colbert did indeed try to carry out this policy, but Louis XIV preferred to place emphasis upon his personal advantage rather than upon national interests. He believed that the time was ripe to establish the hegemony of France in Europe. In his efforts to carry this policy to a successful conclusion, he opposed the rival interests of other nations, and, as a result of the wars which followed, failed in his effort to dominate Europe. Deprived of a considerable part of her colonies, and threatened with bankruptcy, France finally abolished her absolute monarchy, and from its ashes rose the modern French democracy, with national interests controlled by representatives of the people.

The establishment of the new democracy marked the downfall of the old social order and a change in the control of the government. The new men in power, however, did not alter the fundamental policies of the nation. Considerations of national interest have influenced the representatives of the people in their efforts to raise France, by diplomacy and by war, to its proper political and territorial position not only in Europe but in the world. In fact, the administrations of Richelieu and Poincaré are essentially parallel in that respect, and demonstrate the true significance of the policy of unfettered national interests, especially as the guiding force which influences administrators regardless of the form of government.

FRANKLIN CHARLES PALM

UNIVERSITY OF CALIFORNIA

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EARLY FRONTIER DEMOCRACY IN THE FIRST KENTUCKY CONSTITUTION

IN her struggle for self-government, Kentucky was forced to pass through the tortuous course of no less than ten conventions, attended by almost as many racking disappointments. The first settlers had arrived on the eve of the Revolution and had tenaciously maintained themselves throughout the war with virtually no aid from Virginia, cut off as they were, five hundred miles to the west. Finally succeeding over both British and Indians, they came out of the struggle with a feeling of confidence in themselves, with a spirit of independent initiative, and with little patience for control from any authority east of the mountains.[1] There should be little wonder, then, if these people in their constitution-making should desire to pay scant heed to eastern theories and should spurn the thought of being copyists of anybody. Furthermore, many people had come to Kentucky directly after the Revolution and had soon become discontented over a situation where a few people had secured control of a large part of the best land. Discontent became widespread. Two years after Paine's *Public Good* had been written it reached this region and had the baneful effect, through its claims that Virginia did not own the Western country, of upsetting those who possessed the land, and of raising false hopes in the landless that they might disregard the Virginia grants and lay hold on the region. Two trouble-makers who appeared in Lexington and Louisville in 1784, advocating this procedure, were arrested and heavily fined.[2] The spirit of radicalism and distrust had thus made its appearance; and a

[1] Little blame can attach to Virginia for not giving aid, as she was fully occupied in the east. George Rogers Clark's expedition into the Northwest afforded little protection to Kentucky, where the belief prevailed that it would have the opposite effect. Hence it was that Clark got no recruits west of the mountains.

[2] W. E. Connelley and E. M. Coulter, *History of Kentucky* (Chicago, 1922), vol. I, p. 224.

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cleft in Kentucky society and thought developed between those who had much and those who had little or nothing. That this should be reflected in constitution-making should, therefore, not cause surprise.

The Kentucky leaders, who were naturally the great property holders and, therefore, conservative men, early tried to guide the thoughts of the people along tried and conservative lines. As the course of the conventions extended over a period of a half dozen years, there was ample time for study and discussion of the principles that should go into a constitution, should the District be so fortunate as to secure separation from Virginia and admission into the Union. It was generally expected that the fourth convention, which was to meet in September, 1786, would frame the constitution. In pursuance of this idea, Caleb Wallace wrote James Madison in August (1786) for his views on the sort of document Kentucky should have. Madison in his reply recited at great length the old and generally-accepted constitutional principles of the times.[1]

Due to unforeseen circumstances the convention was never able to secure a quorum and so went out of existence without having accomplished anything. Two years passed with the holding unsuccessfully of the fifth convention to secure separation from Virginia, and then the sixth met in July, 1788, which, it was hoped, would sever the ties with the mother state and make a constitution. By this time crafty James Wilkinson had cunningly wormed himself into the favor of Kentuckians, as well as of the Spaniards in New Orleans, and was now a member of the convention. His plans contemplated a separation from Virginia, the making of a constitution, but not the entry of Kentucky into the Union.[2] Enough was known of his intriguing with the Spaniards to prevent the drawing-up at this time of a form of government; but in the seventh convention, which met in the following November, he had the partial sympathy of a disappointed, long-suffering and disgruntled people,

[1] *The Writings of James Madison,* edited by Gaillard Hunt (New York, 1900-1910), vol. II, pp. 166-177.

[2] Connelley and Coulter, *History of Kentucky,* vol. I, pp. 252-259.

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and actively aided by John Brown, also a member, he led another bold attempt to frame a constitution. Brown had formulated one after consultation with Jefferson and Madison and had it ready to present to the convention; but Wilkinson, too bold in unfolding his beautiful Spanish scheme, overshot the mark, and so scared the delegates that it was voted to adjourn without further action.[1] Finally in July, 1790, after eight attempts, a ninth convention was held, which successfully catching the will-o'-the-wisp of separation from Virginia, ordered a tenth convention to meet two years later with the definite and only purpose of making a framework of government.

Throughout the period of these nine conventions the thoughts of the people had been somewhat diverted from constitutional principles in their attempts to secure separation from Virginia and in listening too attentively to Spanish intrigues. There was, however, one group of people who refused to be disturbed. The Danville Political Club, having among its members some of the outstanding leaders of the District, met regularly at Danville throughout the year, 1787, and threshed out many constitutional questions.[2] As members of this club were later delegates to the convention which framed the constitution, and as their decisions undoubtedly got out among the people and were discussed, this organization considerably influenced the first constitution. Its membership naturally gave it a character conservative as far as frontiersmen were concerned, but liberal in comparison with eastern thought and traditions. Debates were long and heated, sometimes lasting beyond midnight, disturbing the peace of the travelers stopping at the tavern and of the less slumberous townsmen. That these debaters were doing their own thinking was set forth in their various decisions. Among the early questions they settled was that representation in the assembly should be based on popu-

[1] *Ibid.*, pp. 260-268.

[2] It was organized in December, 1786, and was maintained actively during the following year. It lingered until 1790. Thomas Speed, *The Political Club, Danville, Kentucky, 1786-1790* (Filson Club Publication, No. 9, Louisville, 1894).

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lation and not on counties as Virginia had it.[1] Surrounded by many dangers that made life uncertain, these leaders of frontier thought debated the question of legal hazards that beset the citizen in the eastern states, and came to the conclusion that the death penalty ought to be inflicted for no other crimes than murder and treason.

But these men were yet conservative, far more so than many of their less fortunate and more clamorous neighbors. There should be no annual elections which the rabble wanted; once in two years was often enough. Furthermore, the fact that a man possessed simply freedom was not enough to make him a voter. The legislature should have two branches instead of one, for in that fashion the snap judgments of the mob in the lower house could be nullified; and to make it more certain that the mob should not control the second branch, it was debated whether the latter should not be chosen by electors selected for that purpose.[2] This club hit upon a plan which came later to be one of the surest stops to unregulated democracy, by holding that a judge should allow the constitution to govern his decision, when a law conflicted with it.[3] To gather together all of its various decisions and ideas this club appointed a committee to draw up a "Bill of Rights and Constitution or form of government which they shall think agreeable to and convenient with the local situation of the District"; but no copy of such a document is preserved, if one were ever formulated. It was during the active period of this debating club's existence that the Federal Constitution was made; and as soon as a copy of it could be secured, these Danville debaters proceeded for four months to dissect it to the minutest detail and to find much with which they disagreed. When they had finished, every clause in the document was labeled with such expressions as "amended", "rejected", "disagreed to", "expunged", "struck out", and "agreed". One of their first

[1] *Ibid.*, p. 113. All the minutes extant may be found in this volume.

[2] The decision is not known as there is a gap in the minutes at this point.

[3] The first instance in which a judge so decided in an American state was in North Carolina in this same year. *1 Martin's Reports*, 48.

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criticisms was to note the lack of a bill of rights. Also they could see no good in having a vice-president; so they abolished the office. They would preserve the constitution from legislative as well as executive infractions by requiring the president to withhold his signature from all bills without "the advice and consent" of the "Executive Council [cabinet] and Judges of the Supreme Court". They would have the senators to sit for only three years and be ineligible for a second term until an equal period of time should have elapsed, and the president should not be re-elected for four years after the end of any term.[1] The general dislike of the Danville Club for the Federal Constitution seems to have been typical of the District, as only three of the fourteen Kentucky delegates in the Virginia ratification convention voted for it.[2]

With the time for the final convention drawing near, discussion became more widespread and intense; and it became the chief diversion of the District to play at making constitutions. Perhaps no other American community ever so completely gave itself over to thoughts and arguments on constitutional principles. It was felt that now was the sublime moment of all time, when every person was a monarch, when he was sovereign and it was his to give and his to withhold. Man was virtually in a state of nature; he was about to create a fabric of government out of a void. These rampant-visioned ones claimed that they were not beholden in the slightest to Virginia or the Federal Government.[3] They were now about to make a constitution untrammeled by colonial precedents and uninfluenced by the exigencies of war, as had been the case in constitution-making with all the states east of the mountains. An enthusiastic Kentuckian exclaimed, "What would not some in some of the eastern states give, to be in our situation, that is, to have the privilege of beginning a new government."[4] It was, indeed, a solemn occasion to crystallize out the institutions by which

[1] Speed, *Political Club*, pp. 144-148.

[2] Connelley and Coulter, *History of Kentucky*, vol. I, pp. 252-254.

[3] *Kentucky Gazette, passim*, 1791, 1792.

[4] *Ibid.*, Jan. 7, 1792. By "H. S. B. M."

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future generations were to be bound, and according to one who would not be cheated, "every cast and denomination of men amongst us, are entitled to a representation in forming a constitution by which they will be equally bound."[1] However, another voter, styling himself "Rob the Thrasher", thought the occasion should not inspire so much awe; the constitution could always be changed. The living did what they pleased; the dead could not prevent it.[2] The great mass of the people was thoroughly aroused; they should act quickly and certainly or the victory would be plucked from them by designing men. There was a distinct move on the part of the more democratically and more radically minded to assume control from the natural leaders of the District and make a constitution after their own liking.

The *Kentucky Gazette*, which had been started a few years before, was open to all who cared to express their views, and for two years before the convention met, its columns were filled with communications from the high and the low. There was a deep-seated prejudice against the educated leaders, who were attempting to direct affairs. "I never was a friend of larned men," said a frontiersman, "for I see it is those sort of folkes who always no how to butter thare own bred and care not for orthers."[3] They were designing men who would control the government for their own aggrandizement, for this was the history of government in the past. One outspoken representative of the common people said, "I have long been of opinion that the business of government is a cheat; and that he is really a fool who has no hand in it. . . . The great men know as I have before hinted, that the art of government is nothing but playing the rogue by authority of law." He called on all who were "for the good of the country" to "keep up the cry against Judges, Lawyers, Generals, Colonels, and all designing men."[4] The worst of the "learned ones" were lawyers, who

[1] *Kentucky Gazette*, Oct. 8, 1791.

[2] *Ibid.*, Dec. 17.

[3] *Ibid.*, Nov. 26.

[4] *Ibid.*, Oct. 15, 1791.

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made laws so obscure that honest men could not understand them, and hence secured business for themselves. A Kentuckian writing over the name of "Salamander" declared that "the fewer Lawyers and Pickpockets there are in a country, the better chance honest people have to keep their own."[1] They should be excluded from the convention.[2] Government was very simple, so simple that anyone could understand it, if designing men could be kept from obscuring it. A woman made bold under the name of "The Medlar" to inquire what there was "to hinder any man of common sense that reads, thinks and talks, to make himself acquainted with the rights of mankind and the act of government."[3] Government should not only be made simple, but it should also be made cheap. All governmental expenses should be collected in "country produce" with the exception of a tax on unused lands.[4] If the rich, the wise and the great would not take part in such an arrangement, then let them go, and the people might rejoice at a good riddance. The constitution rather than the legislature should fix salaries.[5] Many of the people were getting their inspiration from Paine's *Rights of Man*, extracts from which were published in the *Kentucky Gazette* at various times.[6]

Aside from the general principles of government, various parts of the specific framework of the constitution that should be made were widely discussed. The *Kentucky Gazette* published during the latter part of 1791 a constitution, which called for election periods of five days during which no person could be civilly restrained, for the emancipation of slaves at a date to be fixed, and for the distribution of the constitution among the

[1] *Ibid.*, Dec. 24.

[2] *Ibid.*, Oct. 8.

[3] *Ibid.*, Nov. 19.

[4] *Ibid.*, Oct. 22, 1791.

[5] *Ibid.*, Jan. 7, 1792.

[6] For example, *ibid.*, Nov. 19, 1791; Feb. 4, 1792. There were no books to be bought in Kentucky before 1792; but in January of this year a store in Lexington announced books for sale, among which was Blackstone. *Ibid.*, Jan. 7, 1792.

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voters at certain intervals.[1] These subjects and many others, the people had set themselves to discussing. Much was said for and against a bill of rights;[2] but the subject that drew the most heated argument was the number of branches the legislature should have. This question was made the touchstone for radicals and conservatives. Anyone advocating two houses had evil designs on the liberties of the people, for would not such an arrangement set up invidious distinctions with senators and commoners. One house would block the efforts of the other, and the quarrel would spread over the state, arraying one class against another. Furthermore, it would be an additional expense.[3] If two houses be better than one, a logician arose to see the matter through and to conclude that "1000 must be a thousand times better".[4] A cry by no means inaudible was going up against slavery. This was a thrust at the landed aristocracy, and was largely the product of religious societies, chief among which were the Baptists at this time.[5]

Despite all the heated arguments that had taken place, what assurance could the people have that the constitutional convention would obey their wishes? How could they transfer their sovereignty to that body and not run the risk of being cheated out of their liberties? To serve this purpose, a system of county committees was devised, which would act as the safeguards of the poor and the honest against the rich and the designing. They would direct the opinions and the desires of the people and give them uniformity and make them articulate. They would determine what should go into the constitution, would instruct the convention as the work proceeded, and when the finished document should be submitted to the people for ratification, they would be used to express the popular will, for otherwise the masses would "be in a great measure dumb upon this occasion", or nothing could "be heard but a confused

[1] *Kentucky Gazette*, Oct. 8, *et seq.*

[2] *Ibid.*, Feb. 25, 1792.

[3] *Ibid.*, Oct. 15, 22, *passim*, 1791.

[4] *Ibid.*, Dec. 24.

[5] *Ibid.*, Dec. 3, 17. Also see John Mason Brown, *Political Beginnings of Kentucky* (Filson Club Publication, No. 6. Louisville, 1889), pp. 222-230.

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uproar".[1] In fact these committees with slight changes in organization should be made permanent and should have a right to veto bills passed by the assembly.[2] In order to secure uniformity of opinion for all of the counties, general conventions should be held where all would be represented. Such a meeting took place in Harrodsburg in November, 1791.[3]

The method of organizing these committees and the way in which they should function were first suggested and put into operation by Bourbon County. Each militia company should choose a committee which in turn should select two representatives to meet with like representatives from other companies at the county seat, there to select the county candidates for the convention and formulate instructions for them. The ticket should be referred back to the militia companies for their approval. By designating the candidates early, it was hoped that election disorders would be prevented.[4] The committee in this county and the one in Fayette developed considerable strength and influence. The former county early selected its candidates and formulated their instructions. The legislature should be composed of only one house; voting should be by ballot; and immoral men should be excluded from places of trust and power. It decided that no laws of the English or of any other people should be adopted by the state, but instead, "that a simple and concise code of laws be framed, adapted to the weakest capacity; which we humbly conceive, will happily supercede the necessity of attorneys, pleading in the state."[5] Permanent committees were to be elected by each county to watch over the interests of the people. In forming them, there were to be three "registers" elected from each district in the county, who should assemble all the freemen of the district to consult together on the common good; and at least once a year all the "registers" of the county should meet together to con-

[1] *Kentucky Gazette,* Oct. 15, 1791. Bourbon County Committee's Address to the People. Also see *ibid.,* Oct. 8, 22, Nov. 26.

[2] *Ibid.,* Nov. 19. This was an early idea in America, of the referendum.

[3] *Ibid.,* Oct. 8, 1791, for the call; Dec. 24 for the meeting.

[4] *Ibid.,* Oct. 15, 1791.

[5] *Ibid.*

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sider the general welfare, to instruct their representatives, and to apply for a redress of grievances.[1] Important provisions for a constitution were drawn up in a meeting in November, at the Sinking Springs Meeting House near Paris.[2] The Fayette County committee, later in starting, was busily holding meetings to formulate its instructions, only a month before the constitutional convention was to assemble. It invited the "religious societies" and all militia companies not yet represented to send delegates, and promised that its sittings would soon be thrown open to the public.[3]

In Madison, Mercer and Mason counties there were strong movements to organize committees. In Woodford County, when it seemed that a committee was about to be formed, a magistrate threatened bodily harm to anyone attempting it.[4] In fact this movement to organize committees soon came to be bitterly condemned and strongly opposed by the conservative leaders. They came out against this secret picking of candidates and declared that the committees in their instructions were attempting to usurp the very duties the convention was to be elected to perform.[5] "Felte Firebrand" poured forth his wrath in the columns of the *Gazette*;[6] and "A. B. C." had no patience with the "chimney-corner instructions" of these county committees. If the constitution was to be made by the people's representatives, let their deliberations be free, he maintained, "or, if a constitution is to be framed by the people, let them assemble for the purpose in some extensive plain, where each individual can hear and be heard in turn, and where a general vote may determine the public will." "I would ask," he continued, "what may be the consequence, if people of the several counties, each equally confident of being in the right, should give contradictory instructions to their respective repre-

[1] *Kentucky Gazette*, Feb. 11, 1792.

[2] *Ibid.*

[3] *Ibid.*, March 3.

[4] *Ibid.*, Dec. 24, 1791.

[5] *Ibid.*, Oct. 15, Nov. 17, 1791.

[6] Nov. 12, 1791.

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sentatives? Will not obstinate contentions in the conventions be the result, displeasing to each of the counties, and inconsistent with itself?"[1] The committee supporters declared that only those who would deprive the people of their rights were against the committee system.[2]

On April 2, 1792, the convention met, elected by manhood suffrage,[3] and sixteen days later finished its labors and adjourned. In a little more than two weeks it had given the people a government, over which they had been contending for the preceding two years. The convention was surprisingly free from strife and acrimonious discussions. In fact all of this had taken place during the months preceding, so that when the body met, it had only to crystallize the opinions already expressed and translate them into fundamental law. The *Kentucky Gazette* made not a reference to the convention while it was in session, and the first evidence it gave of anything having happened was to print ten days after its adjournment a part of the constitution, and on May 12 to advertise copies of the document for sale.

The constitution was preeminently a compromise, a strange mixture of progressive democracy and staid conservatism. The masses had had their fling before the convention; the conservatives had their day in the convention. The former would throw precedents and other people's experiences to the winds; the latter would stand by the old moorings. George Nicholas, fresh from Virginia, had more to do with the conservative shaping of the document than any other person. He had just made a detailed study of such subjects as "Government", "Resolutions Regarding Form of Government for Kentucky", "Land Tax", "Loan Office", "Checks and Division of Power", "Senate", "House of Representatives", "Governor", "Appointment to Office", "Suffrage", "Bill of Rights", "Courts", and "Slaves".[4] To enforce his views he

[1] *Ibid.*, Oct. 8.

[2] *Ibid.*, Dec. 24.

[3] *Ibid.*, Nov. 5.

[4] Nicholas manuscripts in the *Durrett Collection* in the University of Chicago Library.

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resigned from the convention five days after it met and was triumphantly re-elected and returned three days later.[1]

Yet frontier democracy forced its way in. All free male citizens twenty-one years of age were given the right to vote.[2] Representation was based on population rather than on territorial units as in Virginia; and it was declared "That the civil rights, privileges, or capacities of any citizen shall in no way be diminished or enlarged on account of his religion." Elections for representatives were to be held annually. These principles constituted democracy far in advance of most of the East.

But democracy did not go unbridled. Here is seen an unusual admixture of sentiment for popular sovereignty and a fear of too much of it. In this new community, scarcely a dozen years out of the stockades, the cry of aristocracy had already been heard and agitators had stirred up a class hatred louder than it was dangerous. So it was, then, that the more substantial element was led to guard against a condition where unreasoning popular passion might wreck the social and economic order. The governor, the senators, and the judges, as well as a host of minor officers, were removed from direct election by the people. A board of electors, equal in number to the representatives, selected both senators and governor, while the latter appointed the judges as well as numerous other officers. The popular desire for a legislature of one house was disregarded. The conservative hand of the Danville debaters was seen in this, so also in the electoral system for senators and governor, as well as in the absence of a lieutenant-governor. The movement that had been started against slavery,

[1] "Minutes of the Convention of 1792" (MS.) in *Durrett Collection*. Nicholas was on the committee to draft the constitution. The other members were Cuthbert Harrison, Benjamin Sebastian, Isaac Shelby, Thomas Kennedy, Thomas Lewis, Caleb Wallace, James Garrard, Thomas Waring and Alexander S. Bullitt. *Ibid.*, p. 20.

[2] In Virginia a property qualification was required. In the act of the Virginia legislature incorporating Lexington in 1787, a property qualification of twenty-five pounds was put upon the right to vote. J. R. Robertson, *Petitions of the Early Inhabitants of Kentucky to the General Assembly of Virginia. 1769 to 1792* (Filson Club Publication, No. 27. Louisville, 1914), p. 106.

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the footstool of the aristocrats, met complete defeat. It was on this question that the bitterest fight took place, with all the preacher members, six in number, lined up against the institution.[1] But instead of winning their battle, they led the convention to rivet slavery tight upon the state and to prohibit forever the sitting of a minister in the legislature.[2] The constitution was not submitted to the people for ratification.

There can be no doubt that the conservative element, with its skillful leaders, won the day in the convention, and produced a constitution far removed from the rampant democracy so evidently desired by the masses of the people. As soon as its contents were known it was set upon by the discontented and the disappointed and the fight grew more bitter until a new constitution was made seven years later. In both diction and in content, it showed close kinship to the Federal Constitution. A contemporary critic declared that "in most parts" it was "an exact copy".[3] Washington said that it might be "considered as particularly interesting since besides the immediate benefits resulting from it, it is another auspicious demonstration of the facility and success with which an enlightened people is capable of providing for their own safety and happiness."[4] The people won a partial victory and to that extent frontier democracy was triumphant; where it failed the incentive was ever present to continue the fight. The subsequent history of the state gave eloquent proof that the edge of frontier democracy was long to remain sharp and keen.

E. MERTON COULTER

UNIVERSITY OF GEORGIA

[1] "Minutes of the Convention of 1792," p. 23.

[2] The legislature was forbidden to free any slaves without the master's consent and without compensation. It could not prohibit the bringing of slaves into the state as individual property, but it could exclude them as merchandise. It might also pass laws requiring owners of slaves to treat them with humanity and to provide them with necessary food and clothing and to refrain from injuring them in life and limb. Article IX.

[3] *Kentucky Gazette,* Nov. 17, 1792. Also see *Proceedings* of the American Historical Association, vol. V, p. 361.

[4] *A Compilation of the Messages and Papers of the Presidents, 1798-1897,* edited by James D. Richardson, vol. I, p. 132.

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REVIEWS

Traité de droit constitutionnel, 2ème éd., tome III, *La Théorie générale de l'état* (*suite et fin*). By LÉON DUGUIT. Paris, E. de Boccard, 1923.—800 pp.

The appearance of another volume in M. Duguit's *Traité* (2ème édition) expands the series now from the projected three volumes to four, the last of which will deal with those problems of public law and the descriptive treatment of French political organization originally proposed for the third (and final) volume. Actually the third volume is an expansion of Volume Two, in which M. Duguit found it difficult to compress the entire theory of the state, as he had planned. His method from the beginning of his fruitful authorship has been to elaborate in the minutest detail and with endless reiteration his own approach to a positivistic philosophy of law: the three volumes of the second edition which have so far appeared have added a wealth of interesting material, drawn chiefly from the decisions of the *Conseil d'État,* to the main theses supported in the original edition of two volumes (1911). They have expanded the polemic in which M. Duguit has engaged against the German theorists and their *"Machtsstaat";* they have also led to some important changes from the earlier positions, although to none which M. Duguit regards as in any way crucial. He remains steadfast in his contention that organic social solidarity, and not the expression of a general will, is the necessary source of law; that the guaranteeing and assuring of the public services is a more useful conception for jurisprudence than the idea of the sovereign state; and finally that law must be stripped of all metaphysics, and reduced to a scientific basis, in which group obligations replace individual rights and the rule of law is based upon a proper sociology.

These conceptions have come to have more than academic interest since M. Duguit first wrote, in 1901, *L'État, le droit objectif et la loi positive.* He himself points, by way of example, to the jurisprudence of the *Conseil d'État,* to the Great War, and to the developments of syndicalism in the direction of forming the basis for a new juridical order, in which men shall be treated in their associational capacities, not as the individual bearers of legal rights, but as functioning members of groups, legally obligated to preserve

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"social solidarity". He might point to the decisions of the United States Supreme Court, e. g. those recently handed down on the validity of the Esch-Cummins Act of 1920, to show how important a place the public services, and the conception that the first duty of government is to assure their proper functioning, have come to occupy in American legal doctrines. Or he might have illustrated by a wealth of examples other than the familiar one of the failure of the French general strike of the railway workers in May, 1920, how the face of government is set against syndicalistic attempts to interrupt those services. At a time when "government by injunction" is frequently heard from in America, when even the Liberals in England have come to demand government intervention to prevent stoppages on the London tubes etc., and when Canada is forced to heroic measures to prevent postal employees from disrupting the mail service by their strike, the concept of the security of the public services has become fundamental to government. Fascism and the movements akin to it make their bid for the solid support of the bourgeoisie on the ground that they are the saviors of the country from industrial as well as social disintegration. And they have been no more unblushing in their use of force to inspire fear in their political opponents than M. Duguit would have wished. Indeed, M. Duguit has given the same clear-cut formulation to the movement of reaction that M. Sorel, in his *Réflexions sur la violence,* gave to the movement of syndicalist revolt.

The third volume takes up in successive chapters the continuation of the theory of the state as it is concerned with *"les agents publics", "le patrimoine de l'État",* and *"l'État et le Droit"*. Public servants, according to M. Duguit, can be divided into functionaries (all office-holders as well as civil servants) and employees of the state: the former participate in the functioning of the public services in which the state is engaged in "a permanent and normal manner", whereas the latter participate only "temporarily and accidentally". He thus attempts to extend to the law relating to the organic rules of government services and to state responsibility for the acts of its agents the same separation by *function* which has been so adequately discussed by Mr. R. K. Gooch in a recent article in the POLITICAL SCIENCE QUARTERLY as it relates to the traditional "separation of powers".[1]

[1] R. K. Gooch, "Modern French Views of the Separation of Powers," I and II, POLITICAL SCIENCE QUARTERLY, December, 1923, vol. XXXVIII, no. 4, and March, 1924, vol. XXXIX, no. 1.

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French administrative law has come, on the whole, to very satisfactory solutions of the problems of state responsibility in the actual decisions of the *Conseil d'État,* as even Dicey was forced to note in the last edition of his *Law of the Constitution.* But the actual *arrêts* cited by M. Duguit do not depend on such a system of *droit objectif,* founded upon the necessity of guaranteeing the public services, as he lays down. The jurisprudence of the *Conseil* is much richer and less academic. If it lays emphasis on juridical obligations instead of subjective rights, it none the less retains the conception of legal rights as the necessary reciprocal to that of legal duties. In the main it follows the lines which M. Jèze has plotted much more closely than those to which the arguments of M. Duguit would limit it. And the division of acts of power into M. Berthélemy's "*actes de gestion*" and "*actes d'autorité*" is by no means so foreign to it as M. Duguit would wish.

As in all modern law, the trend of French administrative law flows away from the older individualistic constructions toward conceptions of the public interest. But public interest is not to be interpreted, as M. Duguit would read it, in terms of group functions alone. There is still basic to all legal systems the conception of the general legal rights of citizenship, paramount to all other public interests. Some of M. Duguit's efforts to reduce this general category to the specific relations of membership in professional groups are fairly Procrustean. Obviously civil servants stand in a peculiar relation to the state—M. Duguit likens them to soldiers. But even in bureaucratic France they are still permitted some liberty of association by the statutes on civil servants as revised to June 1, 1920, a fact which M. Duguit has some difficulty in recognizing and incorporating in his system. (*Cf.* his correction of the first edition as to the unilateral character of adhesion to public services, pp. 116-117, and pp. 147-262 *passim.*)

He is forced, too, to fall back on something very like legal sovereignty to explain the impossibility of enforcing responsibility for certain acts of the judiciary and other public servants. Of what use is it to quarrel with the legal conception of *l'État-personne,* if all the legal attributes of such a conception be granted to the state through its agents? There may, indeed, be a gain in emphasizing the fact that we are dealing with "legal" personality, not moral, and that legal personality is only another name for a corporate aggregate of functions. But the gain is lost if we see rulers only as "men holding power".

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The same motives which have led to a refusal to use the classic terms in dealing with the separation of powers seem to prompt M. Duguit to reject the civil law distinction, current since the introduction of the *fiscus* into Roman law, between the state acting as the final source of legal authority (*l'État-personne*) and the state in those activities in which it assumes the same role as any other business entity (*l'État-fisc*). The practical consequences he is forced to draw from his own doctrines of the public-service state admit most of the distinctions aimed at (albeit imperfectly stated) by the older theory. Some acts of the agents of the state remain subject to no review by the courts, because they are what the Supreme Court of the United States has consistently held to be "political" in their nature. As the administrative functions of government increase, it is natural that greater emphasis be laid upon the accountability of governmental agents for *ultra vires* acts, and that the state assume increasing responsibility for actual faults of its services, or injuries inflicted through its acts. "Due process of law" has included this conception to a growing degree ever since proceedings against the Crown were admitted into English law through "petitions of grace"; and the Court of Claims meets the same requirements in our Federal Government. But the very foundation of the "Rule of Law" is the unquestioned finality of constitutional acts of government. There is no conceivable remedy, e. g., for an unjust decision of the Supreme Court, except before the bar of public opinion. And for "political" acts of the other branches of government, political, not legal, recourse must be sought. It is not to the jurisprudence of the courts that we must look, ultimately, for constitutional morality.

Indeed, M. Duguit's conception of the relations of the State to law is no more novel than the consequences he draws. The idea of the *Rechtsstaat* has been elaborated by civil, as well as common law jurists. Its roots lie very deep in political theory, as far back as the vaguest gropings for a Law of Nature, superior to what analytical jurisprudence calls positive law. A "*règle de droit*" based on social solidarity and the interdependence of a differentiated modern society is a more sophisticated formulation of this *ius naturale* than, e. g., that of Blackstone. But it is an effort in the same direction, and one that is subject to the same limitations in application. It fits much better our industrialized society, but it is equally ideal; and the difficulties of defining just what services are to be considered "public" remain undealt with in any but the most hazy fashion.

[1] "Public Services," according to M. Duguit, are simply those social activi-

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The *Traité,* in spite of its background of scholarship in continental law, particularly in French and German jurisprudence, is a vast polemic, and it suffers consequentially when it is placed beside so balanced a work as M. Esmein's. Particularly for students of modern French legal theory, though, it remains a monumental contribution, not to be dispensed with, as much because of its inexhaustible mine of information as because of its theoretic importance. Not only the jurisprudence of France, both of the courts and of the theorists, but the whole array of nineteenth-century German theorists are passed in review. With the latter, indeed, M. Duguit's method is summary: he treats them in much the same fashion in which the Queen, in *Alice in Wonderland,* dispensed justice to her guests at croquet.

To those who are looking for the "New State", the "New Society", and a new heaven and earth—not too altogether different in matters of fact from the old—M. Duguit's "system" must appear to salve the wreck of the past. To those who are sceptical of intellectualistic reconstruction of civilizations, in gross and in detail—even though these be guaranteed strictly non-metaphysical—"*droit objectif*" will no doubt seem another monument to the French genius for ideas, both in seizing the *Zeitgeist* and in giving it new names.

It remains to be added that he has possibly restricted his consideration to problems of French law to a degree that renders the work less broadly useful to American scholars than it might otherwise have been. His acquaintance with English and American law seems limited to the broad outlines offered by Dicey and Bryce, although his visits and lectures in this country render that an obviously false hypothesis. Limitations of space have no doubt prevented more frequent use of examples apt to his hand in both systems of law. He does draw lessons in favor of a Supreme Court (pp. 669-681), and makes frequent reference in passing to the principle of federalism, which he distinguishes from decentralization by calling federalism "a voluntary abandonment on the part of the rulers who monopolize power at a given moment of a part of the prerogatives of government, and in that way the constitution on the same terri-

ties which are considered by a given nation at a given time as so important for the maintenance and development of social interdependence that there is a positive obligation on the rulers to assure their functioning (Tome II, § 8, and Tome III, p. 7). The exact determination of details is left to "*la conscience juridique*". *Cf.* his article, "The Concept of the Public Services," *Yale Law Journal* (March, 1923).

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tory of a new group of rulers" (p. 68). A single sentence could not better illustrate the limitations of M. Duguit's "realism".

He has had the misfortune common to all who suffer from typographical monstrosities begot from foreign words—the poor devil of a printer whom we always blame! On pages 679-680 there are no fewer than ten minor errors of spelling or date in the bibliography offered on the American doctrine of judicial supremacy.

W. Y. ELLIOTT

UNIVERSITY OF CALIFORNIA

Woodrow Wilson. A Character Study. By ROBERT EDWARDS ANNIN. New York, Dodd, Mead and Company, 1924.—xx, 404 pp.

Mr. Annin's book is something more than one might guess from the sub-title, for he has written a fairly comprehensive narrative of Wilson's career from 1890 to 1920, much of which is concerned with the persons and influences that surrounded him rather than with his reaction to them. This was necessary, perhaps, if the author were to have at his disposal a body of material sufficiently extensive to permit him to draw the conclusions which he has sought to emphasize. The reader will be glad to have the subject placed in this large setting, and he will doubtless admire the skill with which the author has constructed the narrative so as to underline naturally and with apparent unconsciousness the incidents that give point to his argument. Besides this constructive skill we note other qualifications which Mr. Annin brings to his task. He was obviously placed so as to study at close range Wilson's career at Princeton; the story of the latter's difficulties there is perhaps the most comprehensive that has thus far been published. He has also a highly developed critical sense of literary values, which makes his analysis of Wilson's strength and weakness, as an orator, one of the first importance.

On the other hand, the author suffers from equally obvious disabilities which must detract from, if they do not vitiate the value and the definitiveness of his conclusions. He is clearly out of sympathy intellectually with Wilson's policies alike at Princeton and in the White House, just as he is in hearty sympathy personally with those who fought the President. This sympathy he honestly attempts to thrust into the background, but it is none the less obtrusive on every page and inevitably colors his presentation of fact and opinion. Warm admiration for Moses Taylor Pyne and Theodore Roosevelt

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is entirely legitimate and comprehensible, but it goes far towards disqualifying an author from writing an unprejudiced study of Woodrow Wilson. Furthermore, he is on far less assured ground when he treats of the President in the White House than when he writes of his Princeton career or analyzes his published speeches. Mr. Annin's political information is derived from the personal and political enemies of the President, or from published documents: the first source is unreliable, the second as yet entirely inadequate. No psychological analysis of Wilson can be of real importance until his correspondence is available.

The author recognizes frankly the difficulty of reaching definitive conclusions or even of making definite statements without adequate documentary evidence, and he attempts to avoid it in a manner familiar to journalists and irritating to historians. He begins by hazarding a surmise, which after some sentences becomes a probability and ends, or should end, in the reader's mind as a certainty. The book is filled with such phrases as: "It was charged that. . . ." "Language which was interpreted to mean that. . . ." "It was surmised that. . . ." "However true this rumor may have been. . . ." Thus by innuendo he creates an impression where evidence is lacking for a definite statement. The lack of adequate source material has further led him into a double vice of historical method: he utilizes as authorities various writings which at best are questionable, and he seems to regard as evidence the mere expression of opinion. He cites Bernhardi as a fair representative of German schemes before 1914, and Wells's *Outline of History* as an authority on contemporary history. Even while warning us that McCombs's memoir is distorted, he accepts its conclusions and does not attempt to check them with the critical sketch written in calmer mind by McCombs's friend and secretary, Maurice Lyons. When books are lacking, Mr. Annin's footnotes invite us to "see daily papers" as evidence with which to decide contentious and quite abstruse questions. Finally, headlines of newspapers, by implication, are utilized as evidence of Wilson's state of mind.

The following passage is illustrative of Mr. Annin's method:

> To a Senator who asked him why in view of public sentiment he maintained his intention to go to Paris . . . the President is reported to have replied: "Well, there are many questions coming up between the Allies which threaten friction and I am the only man in the world who can straighten them out." (N. Y. *Tribune,* Nov. 28, 1918). . . . Speaking of the English Prime Minister he is said to have remarked: "I shall look him in the eye

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and say to him, 'Damn you, if you will not accept the League of Nations, I shall go to the people of Great Britain and say things to them which will shake your Government.'" (*Mirrors of Washington*, p. 33).

The impression left on the reader is that Mr. Wilson actually said these words, which would be interesting if true, but demands more confirmation than the gossip of an anti-Wilson newspaper or of an anonymous sketch. Another characteristic of Mr. Annin is to quote opinion, leaving it to be assumed as fact. Frequently he is quite general: "To most thoughtful men. . . ." "Count von Bernstorff has the support of a large body of American opinion when he states. . . ." "A large body of opinion inclined to the belief that. . . ." And almost invariably this "opinion" or "belief" or "thoughtful" impression is unfavorable to Wilson. In one passage Roosevelt and Root are chosen as typical of American opinion, and that in turn becomes evidence of Wilson's character.

It is not surprising, in view of such methods, that the author should betray an ignorance of details and of larger aspects of history. He attributes to President Wilson personally the political strategy of the campaign of 1916. Colonel House is mentioned only seven times in the book, and then as a purely incidental figure, so that no hint is given of his relations with Wilson. Mr. Walter Vick is spoken of as a protegé of Bryan instead of McCombs. The author is apparently unaware of the intimate negotiations carried on with Great Britain in 1915 and 1916. He breathes the old war-time spirit when he denounces Germany's plan to bring on war, in blissful disregard of the articles of Professor Fay and Professor Schmitt. He seems to be under the impression (p. 271) that Clemenceau was premier of France in the spring of 1917. He accepts the word of a *Tribune* reporter or editor that April, 1918, was the date of the Administration's determination to wage more vigorous warfare, evidently in ignorance of the negotiations with Lord Reading and the work of the House Mission in the autumn of 1917.

Mr. Annin's conclusions are not always uncomplimentary to Wilson. He praises him as an orator and as a political strategist, in the first case (the reviewer believes,) justifiably, and in the second with no adequate justification. But in general his estimate is distinctly unfavorable. Not so much by what he says as by what he implies, he confirms almost all of the criticism lavished upon the President by his political opponents during his term of office. To take issue with him in this review would be fruitless, for it would simply be a matching of the reviewer's opinion against the author's.

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But it is likely that the serious student, before accepting the conclusions of this character study, will demand a greater amount of pertinent evidence than the author has presented, and a more scientific method of analysis than that he has utilized.

CHARLES SEYMOUR

YALE UNIVERSITY

A Short History of International Intercourse. By C. DELISLE BURNS. New York, Oxford University Press, American Branch, 1924.—159 pp.

"Perhaps the best way of explaining what this book deals with is to say why it was written. The main reason is that there is no history which shows how far civilized life has arisen out of the peaceful cooperation of different peoples." We have here the author's own explanation as given in the preface to this book. It is in fact a rapid survey of the great factors, currents and epochs in the history of international intercourse, beginning with the Dark Ages down through the Middle Ages, the Renaissance, the Enlightenment of the eighteenth century, and the Great War. There is nothing strikingly original and much will seem commonplace to some readers. (The momentous significance of spices in history is faithfully recorded!) The book, nevertheless, has a real value in enabling one in a single brief *coup d'œil* to survey the centuries, even though the perspective may not always be absolutely clear and sound. As a kind of primer in international intercourse it should serve a most useful purpose in college courses of study devoted to the subject of international relations.

The author offers a suggestive definition of civilization when he says that "the history of civilization is mainly a history of man's outlook and man's emotions, not of man's possessions" (p. 7).

The argument of this stimulating volume is in support of the League of Nations as the present culminating stage in the history of international intercourse, a powerful argument on the whole. There is necessarily some distortion in the author's own telescopic method of viewing the history of civilization. While admitting that "wars and revolutions are important, and have sometimes promoted liberty or secured order" (p. 8), he has preferred to center attention on "the history of peace". This is due to certain individualistic conceptions of history, of nationalism and of war. "History is generally a traditional collection of absurd assumptions and blind pre-

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judices, with many unnoticed omissions" (p. 128). Shades of Gibbons, Guizot, Seignobos, Lecky, Freeman, Bryce and Parkman!

Nationalism is evidently a narrow, bigoted sentiment, according to Delisle Burns—and patriotism should be something disconnected from nationalism. Under this conception restrictions on immigration are to be regarded as evidence of ignorant hostility towards foreigners.

War is constantly associated in the author's mind with "fraud". The idea of the use of force to liberate the oppressed, to protect the weak, to support justice and to safeguard in general the higher standards of civilization has apparently but slight significance.

The last chapter of this book is devoted to prophecy and admonition. "The historian cannot tell how living actors will play their parts. They may fail utterly. But the historian can make out, at least dimly, what parts ought to be played." It is a fine plea for international sympathy, and for the practical cooperation of peoples and, particularly, of government.

> The immediate policy of peace, then, is so to increase intercourse and cooperation between peoples so greatly that no one will be willing to forfeit the benefits derived from such intercourse.
>
> Events since the Dark Ages, with the record of which this history began, have led us to a new age, and because it is nearly a thousand years since Europeans made the first attempts to establish the tradition to which we belong, it may be thought that the world is old. But that is not so. We are at the beginning, not at the end, of civilization. The achievements of the last thousand years are only first efforts in civilized life. Even the discoveries and inventions of our own day are only the beginnings of our knowledge of the world and of our power over its forces. The arts of the past do not, indeed, become obsolete, as its science does, but even those arts will have rivals in the future. The manners of men in their contact with their fellowmen, which provide no mean test of civilization, will undoubtedly become less crude; and there will certainly be more enlightened communities, not only better organized but better able to subordinate their rules and customs to the art of life.
>
> Thus To-morrow is not a final chapter, but the first of a new and more interesting series, which must be written, not necessarily on paper, by the readers of this story of the beginnings of freedom and peace (p. 154).

PHILIP MARSHALL BROWN

PARIS

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A Theory of Social Economy. By GUSTAV CASSEL. Translated by JOSEPH MCCABE. New York, Harcourt, Brace and Company, 1924.—xiv, 654 pp.

This translation of Professor Cassel's well-known book will be extremely welcome to American readers. While the work was first published in German in 1918, the author tells us in his preface that the manuscript was ready, essentially in its present form, at the outbreak of the war, subsequent developments being discussed in two appendices. The book thus takes rank as one of the few unscathed survivors of the world war—an achievement which must of itself command a certain amount of respect.

The translator has succeeded in conveying with admirable clarity a structure of reasoning which is always close and at times involved. The style retains a suggestion of the original German; just sufficient to increase the likelihood that an occasional typographical error may confuse the reader. For instance, on page 185, line 19, "interest" should clearly read "saving"; and on page 258, line 32, "demand" should apparently read "supply". On the whole, however, the translation seems to be a faithful and effective rendering of the original.

Cassel's economics presents a rare combination of "deduction" and "induction". An occasional impression of academic unreality is largely accounted for by the fact that the author is undertaking to discover universal laws representing those features of our existing system which are independent of human institutions. The result is the hypothetical building-up of a system based on the bare assumptions of need, scarcity, free choice on the part of individuals between possible gratifications and the search on the part of the community for the most efficient possible utilization of its limited resources. These premises are taken to carry with them the system of free exchange at uniform prices. The main outlines of the resulting system are of the type called "orthodox" in America, though the author specifically rejects marginal utility, cost and marginal productivity as causes of values or distributive shares; on the ground that they are not ultimate independent variables, but are themselves determined by the true independent forces in the case. Most "orthodox" theorists would probably agree with everything Cassel says on this point, except for the conclusion that these particular concepts are totally useless.

His form of explanation of the forces governing value and distri-

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bution ignores psychology, all but ignores differences in buying power, and centers in a series of equations, expressing in symbolic form the fact that the demand-schedule for every commodity is a function of the prices of *all* the other commodities; as follows:

$$D_1 = F_1 (P_1, P_2, * * * * P_n)$$
$$D_2 = F_2 (P_1, P_2, * * * * P_n)$$
$$* \quad * \quad * \quad * \quad * \quad *$$
$$D_n = F_n (P_1, P_2, * * * * P_n)$$

This gives n equations to determine the value of n unknown quantities—the prices in the case. Since the demand, as thus expressed, must also be equal to the supply, there seems to be a fair probability that prices are determined, given the supplies of the goods and the nature of the mysterious and appallingly complex functions, F_1, F_2 etc. But it is surely stretching the capacities of symbolic notation to speak as if these values could be actually calculated, as the author does on page 137. And it would be premature to conclude even that prices are uniquely fixed, lacking knowledge of the character and behavior of these same formidable demand-functions.

This system of equations is extended to cover the forces which ultimately limit the supplies of goods: namely, the limited supplies of the factors of production, and the proportions in which they are needed to produce goods most efficiently. Thus room is made for the essential relations of cost of production to price and of marginal productivity to distribution, though the author steadfastly rejects these labels. On the subject of interest the author makes a significant contribution in regard to the effect of the rate of interest on the supply of saving; holding that, while its effect on saving may be slight, the rate of interest has a decided effect on whether savings once made are left at the disposal of business or are taken out and consumed.

Nearly half the book is devoted to money, banking and the business cycle. Here one finds a new notation for the quantity theory, an interesting statistical study of the behavior of prices in relation to the supply of specie, and an inductive study of "conjunctures" (or business cycles) which in method, though not in exhaustiveness, suggests the work of W. C. Mitchell. Cassel stresses the intensified effect of fluctuations in the demand for fixed capital goods on the productive activity of the business supplying this demand. The "industrial reserve army", which has made these great waves of

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production possible, he finds on the farm; noting how each wave of "prosperity" has permanently drawn down the percentage of the population engaged in agriculture and inferring that this process must be nearing its limit and that we may expect cycles to be less violent in the future, as business booms find a scantier margin of excess labor to feed upon.

But it is not possible within the limits of a review to catalogue all the points of interest in this very able treatise; still less to give them adequate critical consideration. Of the central theses of the book, perhaps the weakest is found in those passages which argue that certain main features of the free-exchange system must persist, even under a socialistic régime. Here the reader will probably conclude that, while the author may be right, he has not proved his case. And he has not made a serious effort to estimate the character and extent of the changes (within the limits of the economic "penumbra" or otherwise) which a collectivistic system of industry would have the power, if it had the wisdom, to bring about. Further than this, the reviewer can only recommend the reader to read Cassel's book, assuring him that he will find therein much sound, keen and stimulating analysis, cast in a novel, though not a radical, mold.

J. M. CLARK

UNIVERSITY OF CHICAGO

The Russian Soviet Republic. By EDWARD ALSWORTH ROSS. New York and London, The Century Company, 1923.—xvii, 405 pp.

In the disarming foreword with which he prefaces his volume, Professor Ross says, "Let no one suppose me so naïve as to offer this book as *history*. It is a *substitute* . . . . to serve until real history is to be had." And as a substitute for the propaganda of the past and the definitive history of the future, *The Russian Soviet Republic* is, like the author's earlier volume on *The Russian Bolshevik Revolution,* a most useful book. The new volume deals with the four tempestuous years which followed the Bolshevik *coup d'état,* and the account is easily the best that has come to the reviewer's notice; and yet, with all due regard for the difficulties of the undertaking, it seems to the reviewer that three fundamental criticisms may fairly be lodged against the book.

In the first place, there is a lamentable shortage of information as to the sources of the author's data. Time and again, the reader is moved to say, "Perhaps so, but how does he know?"—and too often

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the question must remain unanswered. If it is impossible as yet to assemble and assort all the major facts—as obviously it is, then there is all the more reason for the careful citation of the sources of such facts as are brought forward. It is precisely in this way—by building out upon a visible foundation—that "a substitute for history" may most advance the cause of history itself.

Again, in the matter of interpretation, it seems to the reviewer that the author's generalizations occasionally project into thin air, beyond the support of such facts as have been laid down in the text.

Finally, it is worth noting that nearly three-fourths of the book is devoted to what may be called the externals of the revolution—that is, to the struggle with counter-revolution and intervention. The changes which took place in agriculture, in industry, in trade, in the structure of the state and in the intellectual life of the people, are, one would say, the very essence of the revolution's history; and yet the Czechoslovak legions come in for twice as many pages as the Orthodox Church. Professor Ross's history, so proportioned, would perhaps appear strangely distorted, in the view of most of the Russians who have lived through these recent years; but this point, if it is well taken, must lodge against a great mass of historical writings in every field, and not against this work alone.

It is in his treatment of the Soviet Government's relations with the Allies that the author is at his best. His explanation of Russia's withdrawal from the war is somewhat confused (first he seems to hold the Bolsheviks responsible (p. 32), and then in another place, the Allies (p. 43), because of their refusal to treat with the new Russian Government); but once this subject is disposed of, the account becomes clear enough. After the Armistice on the Western Front, there was, the author says, "no legitimate reason for further penetration of Russia" by the Allies (p. 195); and he then goes on to show how intervention continued to develop, while the advertised reasons for intervention declined in significace, and in several instances evaporated altogether into nothing. In the light of such evidence as has been published, this account is substantially correct, but the author rather leans over backward when he says that without Allied intervention, there would have been no Kolchak, no Denikin, no Yudenich, no Wrangel (p. 156). He says, too, (p. 269) that the peoples of the Allied countries would not have tolerated the policy of intervention, if they had not been deluded by propaganda; but were the foreign peoples really so unwilling to think ill of Socialism, or so hard to please in the matter of wars?

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There are certain items of detail which might profit considerably by amendment, as for example, the treatment of the anarchist groups, with its emphasis upon German influence and upon the activities of escaped criminals (p. 82); the confusing statement of certain theories attributed to the Marxians (p. 108); the assertion that the Ukrainian peasants were "bourgeois in their feeling" (p. 242); the discussion of Russo-Chinese relations (p. 292), which fails to mention the controversy over Mongolia and the Chinese Eastern Railway, and therefore makes out rather too good a case for the Soviet Government.

The great economic achievement of the revolution is, of course, the peasant's conquest of the land, but the ultimate significance of that conquest must depend largely upon the outcome of changes which are still in progress. Individual tenure and cultivation will produce one type of society, and common holding and cultivation, quite another. At this writing, there is no substantial evidence that the choice has been made, and Professor Ross apparently allows his own preferences to carry him somewhat ahead of the fact when he says (p. 337) that what the peasant wants is not a further development of the old village commune, but a system of petty proprietorship. In the matter of industry and trade, the author believes (p. 299) that "there is no economic system which would not collapse under such strains as Russia's economic system has been subjected to since August, 1914"; and then, forgetting this, he interprets the economic collapse of the country as evidence that Marxian economic theory is all wrong after all (pp. 355 and 396). This conclusion may be perfectly correct, but there would seem to be a *non sequitur* hidden somewhere in the argument.

In what has been said here, there is little to support the reviewer's original appraisal of this book as the best in the field, and yet for all its shortcomings, the volume can hardly be denied this rating. The narrative is clear and well put together, and in one degree or another, the book illuminates all the major phases of Russian life in this trying period. As a "substitute for history", it can hardly exhibit the panorama of these years in all their full humanity; and yet, as the best of such substitutes now extant in this field, it has a current utility which will perhaps endure for several years to come.

GEROID TANQUARY ROBINSON

COLUMBIA UNIVERSITY

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Der Kampf um den Rhein. Das Stromgebiet des Rheins im Rahmen der grossen Politik und im Wandel der Kriegsgeschichte. By HERMANN STEGEMANN. Stuttgart, Deutsche Verlags-Anstalt, 1924.—x, 664 pp.

This large volume rests upon certain simple propositions. The Rhine and the Bosporus are declared to constitute the central problems of European politics for the past two thousand years, the two foci, as it were, of the European ellipse; and of these the Rhine has been fundamental for western history since the Roman campaign against Hannibal in 218 B. C. From the outset "the possession of this river has conferred upon every conqueror from south or west the control of the whole zone of Central Europe and therewith predominance in the world, while the inhabitants of the right bank require the valley in order to live freely and independently." *"Der Rhein Deutschlands Strom, nicht Deutschlands Grenze!"*

This thesis is developed in a discursive survey of European history, from such "paladins of the Rhine" as Arminius and Charles Martel to the more Rhine-conscious leaders of the nineteenth century. For the last thousand years the villain in the tragedy is, of course, France, ever pursuing a tenacious policy of domination of the Rhine valley against a divided and defensive Germany. The narrative culminates in that *"politische Urgestalt"*, Bismarck, and passes rapidly over the Great War, where, indeed, the Rhine is not much in evidence, in order to set forth the policy of France in 1919 and since. Nothing is said of Bismarck's reported hesitation before the militarists' demand for Metz in 1871, nor of the economic influences which affected the boundaries drawn then and in 1815. On page 529 there is a glaring misstatement of the facts concerning the treaty of 1815: *"Er nimmt Frankreich die Grenzen von 1792 und gibt ihm die von 1790, nimmt* ALSO *Saarbrücken, Saarlouis, und Landau zurück."* Every German and every French schoolboy knows that Saarlouis and Landau were French in 1790, and had long been French, so that the frontier of 1790 would have left them to France in 1815. The participation of these towns in the events of 1789 became one basis of the French demand for their recovery; and there was also one Marshal Ney of French Saarlouis, whose name may jog a flagging military memory.

It is, of course, true that the Rhine has never been a satisfying frontier to one who possesses either bank, and an historical analysis of its place in international relations would be welcomed. Such

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an analysis should, however, be clear and succinct, not diffuse and declamatory. It should also be dispassionate to a degree that can hardly be expected at present from a German nationalist writing in Munich and ignoring popular self-determination and supra-national considerations. There is much military and diplomatic history in the present volume, but it is not new and is too apt to be distorted in the interest of a German Rhine.

Even if one grant the author's assumptions, some questions arise. If the Rhine-line and the Rhone-line are strategically inseparable (p. 15), must France cede the Rhone also? If control of Rhine and Bosporus are pivotal to world-dominance, how justify to others the German attempt to control both through Mittel-Europa? If Germany requires for her protection the Rhine valley only, why did she instruct her ambassador to demand Toul and Verdun in 1914? The Rhine valley is shared by Holland, Switzerland, perhaps Belgium, as well as by France and Germany; what place have these smaller states in the problem? If the problem of the Rhine is of supreme international importance, is this not a reason for some form of international control, following out the small beginnings which the Treaty of Versailles made in the régime of Rhine navigation, in the control of the Saar valley, and in the demilitarization of the Left Bank?

CHARLES H. HASKINS

HARVARD UNIVERSITY

The Cambridge Medieval History, Volume IV. The Eastern Roman Empire (717-1453). Planned by J. B. BURY. Edited by J. R. TANNER, C. W. PREVITÉ-ORTON, Z. N. BROOKE. New York, The Macmillan Company, 1924.—xxxvi, 993 pp.

Whatever may be said in the analysis of the fourth volume of *The Cambridge Medieval History,* which covers the history and civilization of the Eastern Roman Empire from the accession of Leo the Isaurian to the capture of Constantinople by the Ottoman Turks, grateful recognition must be made to the editors and publishers for undertaking and completing a work so important and so much needed by English-reading historians. The volume is done by collaborative effort according to the settled plan of the Cambridge histories. It was projected, and the various tasks assigned, before the outbreak of the World War. The completion of the volume has, therefore, been attended with great difficulties, due to interruptions of communication which affected the scholars of different nationalities who

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were cooperating in the enterprise. The reviewer does not know whether any of the work had been assigned originally to German scholars of outstanding repute in the field of Byzantine history. In the completed volume no name of a strictly German scholar appears. This is quite comprehensible even in a task which should be so completely apart from nationalistic prejudices as an international historical enterprise. *C'est la guerre*—one of its innumerable minor casualties which must be accepted. Nevertheless it is to be regretted, inasmuch as it has certainly affected this volume to its detriment.

The organization and separation of the period of seven hundred years covered in this volume is natural and intelligent. In the main it is this. The first ten chapters deal with the period from Leo's accession (717 A. D.) to the end of the Basilian (Macedonian) dynasty, with topical treatment of the following subjects:—the history of the Isaurian and Macedonian dynasties in their political aspects, handled by Professor Charles Diehl and the Abbé Albert Vogt; Saracen history during the same period by E. W. Brooks of King's College, Cambridge, and Professor A. A. Vasil'ev of Dorpat University, to which Professor Bury has appended a concise and needed summary; Armenia, by Professor Frédéric Macler; the northern neighbors of the Byzantine Empire, by Dr. Karel Kadlec of the University of Prague, and their conversion to Christianity, by Dr. V. Jagic, a Jugo-Slav scholar; the first Bulgarian Empire by William Miller of Oxford; the Greek Church, by Professor Louis Bréhier; Muslim Civilization by Sir Thomas W. Arnold; and the Seljuqs by Herbert M. A. Loewe of Cambridge.

The second large division (chs. xi-xxi) is that covering the dynasty of the Comneni and the Crusades, the Paleologi and the spread of the Ottoman power. In this section the additional names of authors which appear are those of the late Professor Ferdinand Chalandon, Mr. Horatio F. Brown of Oxford and Sir Edwin Pears. Three useful chapters which are general in character, complete the volume. Chapter xxii on Byzantine legislation, written by Professor Paul Collinet of the University of Paris, gives an enumeration of the successive codes and legal treatises of the entire period. It is, perhaps, somewhat too technical and lacking in interpretation of the cultural and social changes which are reflected in changing legal conceptions as these developed and expressed themselves at Constantinople. Chapter xxiii, by Professor Charles Diehl, discusses Byzantine government and administration. Chapter xxiv is a most

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skilful and attractive presentation of Byzantine civilization by the same well known authority. It takes the form of a brilliant condensation of his previous excellent work upon this subject and will bring to the mind of those readers who are closely acquainted with his writings agreeable reminiscences of his earlier books, even in phraseology.

The collaborative effort of so many scholars and the topical approach bring with them certain unavoidable disadvantages, including repetition of the same facts from different points of view and a sacrifice of the unity of Byzantine development during the seven centuries which the volume covers. The editors have, on the whole, done remarkably well in eliminating such repetition. Those irreconciliable differences of opinion which are sure to exist among so many scholars working in the same field they have wisely permitted to stand. They have merely noted by cross reference the divergence in the dating of the conversion of the Russian Princess Olga to Christianity, which Professor Vogt assigns to the year 957 (p. 66) and Professor Kadlec to the year 954 (p. 207). The same commendable method is followed in regard to the difference between Professor Kadlec (p. 191) and Professor Jagic (p. 219) upon the success of St. Cyril in his attempt at converting the Chazars. An error of one hundred years made by William Miller (p. 234) in computing the time between two appearances of the Bulgarian armies before Constantinople along the present Tchatalja line escaped the vigilance of the editors. The advantageous results obtained by the collaboration of numerous experts, writing each upon his own highly specialized field, seem to the reviewer to outweigh greatly the disadvantages mentioned above.

The outstanding weakness of the volume lies in the preponderance of the political and social discussion over the economic factors which so frequently motivate or accompany the political and social changes. A separate chapter on the economic development of Byzantine civilization added to the three final chapters written by Professors Collinet and Diehl, would measurably have bettered the historical balance of the volume in this respect. Notably the chapter of Professor Kadlec on the development of Magyar and Slavic civilizations in eastern Europe and their connections with the Byzantine and Arab civilizations, seems to fall short in this respect. He reports the finds in Russia of Arab coins dating from the ninth and tenth centuries (p. 201). But Scandinavian archeological discoveries, including the evidence of Arabian coins found in Gothland, were

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apparently unknown to him. This evidence had been assembled by the numismatist, B. E. Hildebrand, and applied in scholarly fashion by Professor Oskar Montelius. Their works do not appear in Professor Kadlec's bibliography. The only evidence of acquaintance with Scandinavian scholarship which there appears is in the citation of the Oxford lectures of the Danish scholar, Vilhelm Thomsen, upon the relations between ancient Russia and Scandinavia. These appeared in 1877.

The special discussion by Dr. Jagic, chapter vi (B), of the missionary activity of Cyril and Methodius and the question of the origin of the Slavonic script, calls for particular mention. Equally the interesting treatment of the history of the Armenians by Frédéric Macler (ch. vi) stands out as of unusual importance and interest because so little is available upon the subject which bears the stamp of authoritative knowledge. For that reason the editorial necessity of condensing the original manuscript of Professor Macler (p. 111) is to be regretted. William Miller, who is well known through numerous books covering a wide range in the history of the Balkan peoples, has had to bear a heavy burden in the composition of this volume, as the five chapters accredited to his pen will attest. It is difficult, however, to understand why the task of writing chapter eight, upon early Bulgarian history, should have been imposed upon him in the lifetime of the noted Czech scholar, the late Professor Konstantin Jirecek. This is not to say that Miller has not done well, upon the whole; but the specialistic tasks demanded of him exceeded the period of his specialized scholarly interests.

The bibliographies, arranged in the form of a general list followed by special lists for each chapter, divided into original authorities and modern works, cover over a hundred pages. One remarkable omission, in Professor Kadlec's list, is that of von Kutschera, *Die Chazaren,* which appeared in 1909. The bibliographies will be extremely useful to all who venture into Near Eastern history in its medieval aspects. They would have been even more valuable had the policy been consistently followed by the editors of encouraging critical annotations upon the works cited, such as one finds in Macler's list (ch. vi) and in that of Sir Edwin Pears (ch. xxi), or in the asterisked books and articles listed for Loewe's excellent treatment of the Mongols.

The suggestions made in this review are not intended to leave the impression that this book does not meet the standard set in previous volumes of the Cambridge series. Like all results of

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group effort it is uneven in quality and in the interest evoked by the reading of different chapters. Byzantine history, as a field of wide scholarly interest, is in the early stages of its development. The Cambridge volume is the finest general survey of the period which has appeared in the English language since Gibbon's day. The modern point of view, which it represents, toward the Eastern Roman Empire is so radically different from that of Gibbon that no basis of comparison remains.

WILLIAM LINN WESTERMANN

Proceedings and Debates of the British Parliaments respecting North America. Edited by LEO FRANCIS STOCK. Vol. I, 1542-1688. Washington, D. C., Carnegie Institution of Washington, 1924.—xx, 515 pp.

In his first annual report as Director of the Department of Historical Research in the Carnegie Institution of Washington, Dr. Jameson indicated with some definiteness two principal schemes of publication then proposed. One of these was a series of guides to the sources of American history, with primary attention to unprinted material and especially to the archives of the United States and of foreign countries. During the past seventeen years, this part of the Department's program has resulted in an admirable series of guides to manuscript collections at home and abroad, of which the most notable, perhaps, is the group of three volumes, dealing with the Public Record Office and certain other important English repositories of manuscript material, which were brought out under the special editorship of Charles M. Andrews and Frances G. Davenport.

The second part of this publication program, which has naturally developed somewhat more slowly, contemplated the textual publication, in comprehensive series, of documents necessary to fill serious gaps in our published records. Among the series thus proposed in 1907 were collections of treaties relating to the history of the United States, of letters of members of the Continental Congress, and of "the American debates of the House of Commons". The preparation of each volume in these series has required the gathering of material from a great variety of sources, all of which has had also to be reinforced and interpreted by adequate critical apparatus. This group of documentary publications was happily introduced in 1917 with the issue of Miss Davenport's first volume of *European*

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Treaties bearing on the History of the United States, and Its Dependencies. The first two volumes of Burnett's *Letters of Members of the Continental Congress* appeared in 1921 and 1923 respectively and this year (1924) the last of the three projects mentioned has taken shape in this first volume of *Proceedings and Debates of the British Parliaments respecting North America.*

The general plan of the *Proceedings and Debates* is to print for every session both the formal parliamentary proceedings, recorded with more or less completeness in the journals of both houses, together with certain other parliamentary papers and such records as may be available for the debates. Accordingly the backbone of this series is a succession of excerpts from the Commons and Lords *Journals*. In the earlier part of the period covered by the present volume, the journals include, here and there, rough notes of a few of the speeches, which are reproduced here with the rest of the journal material. For the later years we are dependent on fragmentary, as well as wholly unofficial, notes from various sources such as the *Journal* of Sir Simonds D'Ewes, and the *Debates* of Anchitell Gray. To these and such other similar material as was subsequently included in Cobbett's *Parliamentary History,* the present editors have added their gleanings from other sources, both printed and unprinted, as for instance, a speech of Bacon from Spedding's edition of his *Works,* and fragments of Jacobean debates on Virginia tobacco and New England fisheries from the *Additional Manuscripts* of the British Museum. Doubtless the proportion of such unprinted material will be considerably larger in later volumes. The usefulness of the text has been greatly enhanced by careful notes, critical, bibliographical and explanatory of subject matter.

Notwithstanding the painstaking search made for hitherto inedited material, the total of actual notes on debates is scanty, a result partly but not wholly explained by the official theory that parliament should not meddle with colonial business. They are relatively numerous for the parliaments of James I, in which Virginia tobacco and New England fish are conspicuous topics with incidental references (pp. 36, 39, 58) to the question whether parliament has a right to deal with American matters. The parliaments of the Civil War period, of the Commonwealth, and of Oliver's protectorate yield almost no reports of American debates in the strict sense of that term, though during those years there were several important parliamentary ordinances dealing with the colonies, including the Navigation Act of 1651. Then, curiously enough, we

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have about a dozen pages of notes of a debate of which few American scholars have probably heard on the alleged illegal transportation of certain royalists to Barbadoes. The first seven years of the Restoration are, of course, notable for parliamentary activities in relation to the colonies; but here we have another gap in the reports of debates. For the next decade we are somewhat better off with a number of scattered notes of speeches on sugar and tobacco duties (chiefly from Grey and Marvell); some on Anglo-French relations with their implications for the colonies; and an interesting note on Irish taxation (pp. 367-368) with an incidental reference to the colonies ("That we do not yet offer to tax our plantacions which is in kindnesse to them, ... and certainly Ireland is more to be cherished in all respects than either of them.") Those present-day Americans who feel oppressed by the Eighteenth Amendment may be interested in Sir George Downing's observations (p. 355) on a proposal of 1670, to prohibit the importation of foreign brandy: "Plantations will require brandy; they will have it over the belly of all laws and prohibitions."

The present volume, which includes a few items from the proceedings of Scottish and Irish parliaments, stops at 1688. Succeeding volumes will come down to 1783. The geographical scope of the undertaking is wider than the title indicates, including not only North America "from the Isthmus of Panama to Greenland inclusive", but the West Indies, the northern coast of South America (for certain purposes), and the Philippines. Topically also the phrase "respecting North America" has been generously interpreted.

In conclusion, it may be noted that we have here an excellent example of the way in which American scholarship, pursuing an American interest, may incidentally make notable contributions to British history.

EVARTS B. GREENE

One Hundred Years of the Monroe Doctrine, 1823-1923. By DAVID Y. THOMAS. New York, The Macmillan Company, 1923. —xii, 580 pp.

The prevailing view of students of American history has been that Monroe's famous message to Congress was chiefly evoked by two sets of circumstances: by the edict of the Czar which aimed to claim a monopoly of the shores of northwestern North America; and by the supposed menace of an association of European monarchs known

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as the Holy Alliance against the independence and integrity of the Latin nations of the New World. From this viewpoint the two main principles of the message were a declaration of opposition to future European colonization in America and an announcement of opposition to European interference with the new American nations. In 1823 the statement of Monroe that the United States had not interfered with the affairs of Europe seemed somewhat incidental: it has usually been considered as distinctly subordinate to the two main principles, if indeed it has been considered as a principle at all.

Professor Thomas furnishes a survey of the Monroe Doctrine which emphasizes its recent interpretations and pseudo-interpretations. Those persons who are particularly interested in the historic background of the Doctrine will not find in this book much that is new by way of evidence or interpretation. Neither will they find much that is new or striking in the account of the reception of the original Monroe Doctrine in Europe or Latin America. The treatment of those topics is based on secondary accounts and is not without errors. In separate chapters Thomas deals with the actual practice in regard to the inhibition laid on European colonization in America and the prohibition leveled against European interference with independent American nations. Another chapter deals with the relation of the Doctrine of Monroe to European claims. Chapters entitled, in part, "Dollar Diplomacy" are concerned with the application of the Monroe Doctrine to the Dominican Republic, Haiti and Central America. But the chapters on "Dollar Diplomacy—Leaving Mexico to Herself" and "Dollar Diplomacy—Oil on the Diplomatic Waters" mark a departure from the conventional treatment and, in part, have little direct bearing on the Doctrine unless we assume that it implies the protection by the United Sates of her investors in Latin America. In discussing such topics as the Lausanne Conference and the International Court of Justice the author masses material in support of the thesis that the United States has interfered in the internal affairs of Europe and has sought a hand in international settlements while "refusing to assume a corresponding responsibility". Rightly does he point out that the beginning of the end of "the pledge" in the original Monroe Doctrine that we "leave the Latin-American countries to themselves" was found in the decision to manage the collection of the customs in the Dominican Republic. His discussion of the applications of the Roosevelt Corollary of the Monroe Doctrine is indeed the most interesting and valuable part of the treatise. Although in the present choatic con-

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dition of world politics Professor Thomas does not favor the utter renunciation of the Doctrine by the United States, yet he does seem inclined to favor its modification so as to conserve the autonomy of small nations.

The only bibligraphical data in this volume are to be found scattered through the footnotes. It furnishes a useful and up-to-date account of the Monroe Doctrine, as conceived by Professor Thomas. Like some other students of the foreign policy of the United States, he interprets this Doctrine so that it includes almost every phase of our Latin-American policy. In a fashion that does not always seem logical the author gives excessive emphasis to the idea that is being stressed by certain politicians of the present age, namely, that the Doctrine inhibited the United States from assuming responsibility in regard to the internal affairs of Europe. His conception of its scope and content indeed almost justifies the announcement of his publisher that he "develops the policy of isolation as the historic background of the Monroe policy". This survey would have been more useful and suggestive if the author had gone much farther than the columns of our own journals and newspapers for material showing foreign reactions to the inter-American policy of the United States. Whether students of our foreign policy are particularly interested in the Monroe Doctrine or not, the perusal of this book will be useful to them partly because of the liberal, not to say loose, interpretation which the author puts upon one of the most famous messages ever penned in the White House.

WILLIAM SPENCE ROBERTSON

UNIVERSITY OF ILLINOIS

Where Are We Going? By DAVID LLOYD GEORGE. New York, George H. Doran Company, 1923.—xxiv, 371 pp.

This volume consists of a collection of articles first published in newspaper form during the years 1922 and 1923, after the retirement of Mr. Lloyd George from the premiership. They cover most of the subjects on which public attention was concentrated during those years, but their special interest lies in the fact that they are comments by one of the great actors in the drama on such topics as the Treaty of Versailles, the League of Nations, Cannes, Genoa, Armaments, Reparations, Inter-Allied Debts, Lausanne, Russia and, most complete of all, French policy in Europe.

Lloyd George has not forgiven the French for breaking up the

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Cannes conference by unseating Briand. It seems that it was only then that he professed to realize that French policy had other designs than reparations or a peace based on understanding. In the discussion of events after Cannes, Lloyd George writes much like Nitti. He sees only black after his retirement from the premiership; for events occurring prior to that time, in most of which he participated, we find very little criticism—only explanation. His strongest invective is reserved for the French policy after August, 1922, when France refused to accept England's proposal for the settlement of reparations and embarked on her own plans. Starting from the thesis that "the horror of the Great War seems to have unhinged the European mind", he maintains in effect that France has sabotaged practically every plan to restore sane relations in Europe. He charges France with exploiting the reparations tangle for ulterior purposes of an annexationist character, and asserts that the Ruhr invasion, aside from its design to get "loot—on an immense scale", was an incident of the general revival of the "Napoleonic Dream" of conquest. He seems to regard Poincaré as a modern Nero, one of the world's great destroyers, and Foch as an arch-militarist and the moving spirit in the French insistence upon the Rhine frontier. In his discussion of reparations, Mr. Lloyd George shows good judgment; he deplores the refusal in January, 1923, to consider the suggestion of Secretary Hughes for an expert commission and states that ultimately this method would have to be adopted under conditions much less favorable for reparations than in January, 1923—a prediction verified by the event. He denounces France for the policy of first fixing impossible terms, intentionally made impossible of performance, and then applying "sanctions" for the failure to execute them. He blames the failure of the Reparation Commission to function as an impartial and judicial body, as intended by the Treaty and promised to Germany, on the absence from the Commission of an American Commissioner, thus throwing the preponderance of power within the Commission into the hands of France. He regards this as a fundamental impairment and modification of the Treaty; to this unexpected change he ascribes many of the ills of Europe. The book presumably derives its title from the prediction that France has laid the seeds of future war in Europe by her treaty policy, to which he appends a prayer that the United States and Great Britain, by joint action, should endeavor to save the situation and European civilization.

Lloyd George writes fascinatingly. His inveterate use of meta-

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phor is calculated to command popular attention. Hence his power as a popular leader. Whether his strictures against France are altogether sustainable is a matter which will require more historical investigation. His indictment of conditions in Europe would be more convincing and would come with better grace from a person less responsible for those conditions than Lloyd George. As it is, the opportunist seems ever present. But as the contemporary expression of opinion on current events of great historical importance by a politician either intimately associated with them or having exceptional capacity to judge them, the book requires the interested attention of the student and man of affairs.

EDWIN BORCHARD

YALE UNIVERSITY

The Cooperative Movement in Russia. By ELSIE TERRY BLANC. New York, The Macmillan Company, 1924.—xi, 324 pp.

Occasionally there appears a book which has importance thrust upon it by the essential importance of its subject; and here in Miss Blanc's new volume, one finds a case in point. The job was eminently worth doing, but this does not mean that it has been well done. The author's literary style is so bad as at times to approach downright illiteracy, and this defect combines with a baffling fogginess of thought to make it quite impossible, now and again, to attribute to a particular sentence any specific meaning whatever. Further than this, the text not infrequently exhibits errors in fact, and fallacies in reasoning. The introductory sketch of economic conditions in the eighteenth and nineteenth centuries is notably inaccurate and confusing, as for instance when the author says that in the eighteenth century the development of a factory-industry based upon bondaged labor ruined agriculture (p. 3); that after the emancipation, no peasant could convert his share of the village holdings into private property until the redemption-dues of all his fellow-villagers had been paid in full (p. 9); that the revolutionists of the late seventies "advanced political revolt as the solution of all evils" (p. 11). More than questionable, too, is the statement in the next chapter (p. 18) that the artels had "no direct influence upon the later forms of cooperation"; as a matter of fact, the tradition of the artels is continued and developed in many of the producers' cooperatives which have attained such a large development since the Revolution. Again, the characterization of the overturn of March 1917 as "a

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Menshevik Revolution" is manifestly inaccurate (p. 133), and in the absence of any consistent attempt to correct for the depreciation of the ruble, some of the financial statistics of recent date are sure to prove misleading.

The discussion might be continued in this same vein, and yet the facts most worthy of consideration here could not possibly be brought forward by any such procedure. These facts are, that the cooperative movement in Russia expanded at a tremendous rate during the Great War; that as a result of Revolution, the entire population was incorporated into the nationalized cooperatives; that the denationalized societies are now playing a part of the first importance in reconstruction of the country; and that in no one place outside this book can one find so much information as is here assembled, in regard to the recent development of the Russian cooperative movement in all its phases. More than half the volume is devoted to cooperative activities during and since the revolution—that is, to a period not covered by Bubnoff, and only briefly treated by Lee, in the two small volumes in English (published respectively in 1917 and in 1920) which preceded Miss Blanc in this general field. The technical defects of the book are many, while those finer qualities which make history most truly representative of life are altogether lacking—and yet the significance of the subject is such that the volume is indispensable to the reader who wants to know something of how people live and get their living in the Muscovy of today.

GEROID TANQUARY ROBINSON

COLUMBIA UNIVERSITY

The Old and the New Germany. By JOHN F. COAR. New York; Alfred A Knopf, 1924.—viii, 288 pp.

The publication of this book by Professor Coar is one more encouraging sign that reality is beginning to displace fiction and hysteria in the consideration of Germany and German institutions.

The author begins with a brief summary of social, economic and political conditions in Germany before the war. There is little that is new in this part of the book. No attempt is made to excuse the vicious features of Pan-Germanism nor to deny the dominance in Germany of the militarists and the Junkers.

The second part of the book deals with the changes brought about in Germany by the revolution. While the German revolution involved no such cataclysmic social upheaval as the Russian revolution did, still

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it is the opinion of the author that the old social order in Germany has disappeared and that there has evolved a new class system consisting of two classes, the working class and the burgher class. In the latter class he includes industrialists, landed proprietors, professional men and merchants. Differing from the old social order, the new classes are not superimposed but are "equipollent", that is, the functions of the two classes, though not equal, are equally important. The new social order is reflected in the new educational system which is planned to provide for the needs of productive labor and of mental production. The system is to be so devised that transition from one kind of education to the other may be accomplished with as little friction as possible.

The description of the so-called "Triune Reich" with its social, economic and political characteristics is interesting but not always clear. There is an illuminating discussion of the new economic organization provided in the constitution, but the author admits that it is too soon to estimate the success or failure of the new organization.

In the concluding chapters the author considers the forces and conditions which are obstructing the evolution of the new Germany. He reaches the conclusion that any real recovery in Germany is dependent upon the realization of three fundamental conditions: (1) the removal of foreign intervention in the internal affairs of Germany, (2) a revision of the unjust provisions of the Versailles treaty, and (3) a determination of the total reparations required of Germany by a commission of experts.

NELSON P. MEAD

COLLEGE OF THE CITY OF NEW YORK

Population Problems. By EDWARD B. REUTER. Philadelphia, J. B. Lippincott Company, 1923.—xl, 338 pp.

This is the second in the "Sociological Series" being issued under the direction of Professor Edward C. Hayes. It is obviously designed as a textbook on various aspects of population. It is not an ambitious work, for the author tells us: "It makes no pretense to completeness and no effort to advance a theory of population. It contains little that is new to the specialist in social science; it contains much that should prove of interest to the beginning student and to the general reader." It should be judged from this point of view.

After the short introductory chapter there follows one on the

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"Composition and Distribution of Populations"—a large subject for twenty-two small pages. The treatment is necessarily sketchy. The topics covered include the number and distribution of peoples, races and race distribution, race and nationality in the United States, sex composition, age composition, illiteracy and urbanization. As an illustration, urbanization is covered in three pages, 36-38, thus permitting only a very inadequate presentation of one of the revolutionary population changes of the last seventy-five years, and not one word as to its causes or its effects as a social phenomenon. There are twenty-three tables in this chapter, all but three of them given without reference to sources. This, perhaps, need not be seriously criticized, though it gives an appearance of looseness and scholarly indifference and cannot serve as a student model. The table on page 23 giving the population of the United States at each census does not take account of the correction for the negro population, 1870, 1880 and 1890, as given in volume II, *Fourteenth Census,* pages 15 and 16.

The remainder of the book is divided into nineteen chapters of which the first ten treat problems of quantity and the last nine problems of quality. There is thus a definite symmetry of treatment and the subdivisions show a logical arrangement. An outline of theories of population occupies chapters three, four and five. It does not seem that the eighteen pages devoted to "Pre-Malthusian Doctrines" can serve a very useful purpose for the elementary student. Here again the treatment is extremely sketchy and hence superficial. Thus "Population Practices Among Primitive Men" are treated in one page in which certain rather dubious anthropological generalizations are mixed with impressions derived from a study of the Old Testament. This is surprising in view of the fact that Carr-Saunders' very illuminating study of the population practices of primitive peoples is included in the references at the end of the chapter. The remaining pages cover the theories and practices of the Spartans, the Athenians, the early Christians, the Mediævals, the Cameralists, the Mercantilists, and the late eighteenth century. The result is little more than an outline, with no room for discriminating analysis. It should be said, however, that within the limits of his space, Professor Reuter has done remarkably well, though it may be doubtful whether sound pedagogy requires the introduction of such material in an elementary outline.

The study of Malthus in chapter four is similarly sketchy. Only two and a half pages are given to "The Malthusian Law of Popu-

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lation" itself, but numerous pages to the attitudes of various persons toward it. There is thus an absence of serious critical effort to set forth either the theoretical questions about which much controversy has raged during the past century and a quarter, or a presentation of the results of such quantitative studies as those of Thompson, East and Pearl. But these deficiencies are in considerable part remedied in chapters six to eleven inclusive which study the actual growth of population, natural fecundity (which is not distinguished from fertility, though this distinction has been good usage at least since Mathews Duncan), the checks to increase, and the birth-rate.

The outline of theories is concluded in chapter five, where ten or eleven different viewpoints are presented. The reviewer must express the regret that so many views are thus jumbled together in a space too small for adequate presentation, with little opportunity for that critical analysis necessary for clear discrimination among them. Many of these theories such as those of Sadler, Alison, the Socialists, Doubleday, Rae and Nitti are variants resting on a Malthusian base. "Natural Selection as a Law of Population" is implicit in Malthusianism, though the author treats it as separate and fails to note that Darwin confessed that he owed it to Malthus. The statement of "Spencer's Biological Law" suffers from the general brevity with which most of the topics are treated. Moreover, there is a gross inaccuracy in saying that "Darwin, as well as a number of others, had given it a prior statement", for Spencer's essay was published in 1852. Spencer's fundamental premise was that the energy absorbed in food may be utilized for individuation in various forms or for genesis. He was consequently not as definite as the author implies in the statement: "Among the races of men fecundity decreases as ascent is made from the lower to the higher". Spencer pointed out in the later statement of his theory in his *Biology* certain effects of "domestication" in terms quite in harmony with the recent conclusions of Carr-Saunders that primitive man is less fertile than advanced races. Professor Reuter, however, definitely states on his own authority (pp. 116-7 and 132) that the birth-rate among primitive peoples is higher than among the culturally advanced.

On the very fundamental question whether "Mankind" is "at the Crossroads" the author takes a discreet and sensible position. It is of course obvious that the earth will support more people, all questions of standards aside. Professor Reuter finds, however, that the population is already too large for a decent standard for all under present technology. He finds various grounds on which food

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resources may be increased and seems to place his hopes in a socialization of industry and of distribution. He thinks a period of "rational control" is in sight among civilized peoples who may learn what is their "optimum" number and maintain it. It seems safe to say that Professor Reuter will not live to enjoy that particular millennium. It should not be overlooked that there is a vast difference between "conscious control" of fecundation by the married pair and "rational control" of total population increase by the nation.

The two chapters dealing with qualitative differences in the population constitute a defense of the poor and the unsuccessful, and an attack on the rich and successful which do credit to Professor Reuter's democracy and human sympathy but little credit to his scientific orientation or capacity to deal with such controversial and complicated matters. There is no resort to biological literature; there is no reference to Galton, Pearson or Pearl; there is no reference to any educational psychologist except Thorndike and Mrs. Hollingworth and none of the material of either is used. There is much talk about the confusion of heredity and environment but no reference anywhere to the correlation method by which alone their relative importance can be measured.

Enough has been said to indicate the scope and character of this volume. It is only what it pretends to be—an elementary survey. It has a place as a college text and will no doubt be widely useful for that purpose. But this purpose has made it diffuse rather than scholarly, superficial rather than solid. It may be seriously doubted whether Professor Reuter has done himself justice. Persons familiar with his very valuable and original study of the mulatto will hardly think so.

F. H. HANKINS

SMITH COLLEGE

The Newspaper and the Historian. By LUCY MAYNARD SALMON. New York, Oxford University Press, American Branch, 1923.—xliii, 566 pp.

One could hardly read this volume by Miss Salmon, with its exhaustive analysis of the content of newspapers printed in the English language, its wealth of footnotes drawn from a vast variety of valuable sources, and take exception to her conclusion that "the periodical press still remains the most important single source the historian has at his command for the reconstruction of the life of the

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past three centuries". One might, perhaps, feel inclined to reduce the time limit and say the past two hundred years, but that is a minor part of the thesis. Little space is devoted to papers other than English and American, so that the title is a bit broad, but it was wiser not to attempt to deal with the continental press, as it could have been done only in a superficial way, if the volume were to be kept within a reasonable compass.

A brief chapter on "The Development of the Newspaper", with the stress laid on the English press, is followed by a series of chapters containing a detailed description of the various activities of the press of the last hundred years. The reporter and the correspondent, the interviewer, the editor and the editorial, criticism and the critic, the advertisement and the illustration are treated with a fullness of information that justifies the quotation from Thackeray, on the title page of the work, "Is there anything in the paper, Sir? Anything in the paper! All the world is in the paper."

The newspaper "occupies the foreground" and the most of the ground in the work, and of necessity, "but all lines have converged on the historian in the background". The great question, never lost sight of, was, of what value to the historian is material in the paper? How shall he evaluate it in order to use it scientifically? And so there are chapters on "Guarantees of Probability", the "Authenticity of Newspapers", "The Authoritativeness of the Press", and "How Far Can the Past be Restored from the Press?" In addition to these chapters in which the historian is decidedly in the foreground, the subject matter of each chapter in the book is accompanied by observations touching the trustworthiness or untrustworthiness of the material under consideration. These observations are shrewd and suggestive and should be helpful to the young writer who turns to the newspaper for source material. The theoretical side of the work is, it seems to me, not as satisfactory as the much larger portion devoted to an analysis of the content of the paper. The chapter on the "Authenticity of Newspapers", for example, contains a considerable number of interesting examples of forgeries, but has little or nothing to say of the method of determining whether a paper is forged or genuine. The use of the word "authoritativeness" is rather confusing to the student of method. In the exact sense of the word, no source, not even a newspaper, is "authoritative"; it may be more or less trustworthy and, hence, have greater or less value for the historian, but "authority" it certainly does not have. It is, evidently, in the sense of trustworthiness that this word is generally used in the book.

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It would have led to greater clarity in the theoretical part of the volume, if some use had been made of the division of sources into "remains" and "tradition", employed in manuals on historical method. Much of the material contained in the newspaper comes under the head of remains, material that is the direct deposit of man's social activities and, if genuine, may be directly employed in reconstructing a picture of the past. Tradition, on the other hand, has to do with records of observed events made by eyewitnesses and the value depends on the character of the source, the time and place of writing, and the personality of the writer. That is, between the fact and the historian, is the mind of at least one human being, and it is through this mind, not directly, that the historian must see the fact. And it is because of the difficulty of discovering who the reporter of events is in the newspaper that it is difficult to evaluate a newspaper account of an event. It is conceivable that a report made in a newspaper might be quite as valuable as one made in a confidential letter, but, if the newspaper account is anonymous, it is generally very difficult and frequently impossible to evaluate it.

Notwithstanding these strictures on the theoretical side of her work, Miss Salmon has produced a volume not only of great value to the historian, but also to the economist, political scientist and sociologist. She has, moreover, presented her matter in such attractive form that even the man on the street might read the book with pleasure and profit.

FRED MORROW FLING

UNIVERSITY OF NEBRASKA

Education and Training for Social Work. By JAMES H. TUFTS. New York, Russell Sage Foundation, 1923.—xii, 240 pp.

With the rapid growth of the activity generally known as "social work" has come a pressing demand for training, which various schools and instructors have been trying to meet as best they could, with or without a clear idea of what was required. And because those engaged in this type of instruction felt the need of clarifying their views and improving their methods, this study was undertaken at the request of the Association of Training Schools for Professional Social Workers.

Perhaps for this reason, that those for whom this study was especially intended are presumably familiar with the main substance and content of social work and the training for it, the treatment in

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this book is restricted to certain selected problems considered most important by the author. At any rate, the general reader, turning to this book for information, would be puzzled to know just what social work is, and what the fundamentals of training are. The book gives us the periphery of the subject rather than the core. And even for the specialist we wonder whether the problems selected for discussion are really the most important.

The first part of the book deals with the field of social work as a necessary basis for the discussion of preparation. In marking out the field, five methods of defining it are given—an interesting summary of different classifications—but we miss a guiding thread leading us through the labyrinth of enumerated activities and aims to a unified view of the field spread before us in actuality. A conclusion is implied in the next chapter heading: "The Well-Defined Central Field of Social Work and the Border Fields of Uncertain Delimitation." But here the treatment is mainly devoted to the border fields. Whether social work is peculiarly a woman's profession, and what types of workers want to engage in it and why, are next discussed, the discussion bringing out a comparison of types of work and types of workers—the worker devoted only to an immediate task, and the leader in social organization and in research. The author here presents us with an alternative as if it were something distinctive of this profession or calling. In a discussion of the field of law or medicine the question is not asked whether the practitioner is to be a routine worker or a leader. He is supposed to prepare not only for immediate efficiency but also for leadership. The same state of things should be taken for granted in the field of social work.

The second and larger part of the book takes up the preparation for social work. The problems chosen for discussion are: whether the professional schools should confine themselves to the obvious task of fitting men and women to be skilled social workers, or should also develop the field of professional work through scholarly research and publication; whether the schools should be separately organized, or should consist of a grouping of courses in some college or university curriculum; the location of provision for education and training; whether the training should be of graduate or undergraduate grade; what the entrance requirements should be; problems of the curriculum of the school itself; and problems of methods of instruction.

In this section as in the other, most of the attention is paid to the

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borders of the subject rather than to the central field. Only two brief chapters are devoted to problems of instruction within the school—the problems which are the most pressing upon the schools and are, perhaps, the furthest from solution. These problems deserve more thorough consideration, and a discussion of them would be more helpful to those engaged in the work and more educative to the general public which has little idea of what social work is—to say nothing of the preparation for it—than so much attention paid to problems of the preliminaries to training, and of outside contacts and relations.

For this purpose a study of the experiences of the schools themselves would have been useful. Professor Tufts has said that it was not his aim to evaluate the different schools, so he has not given any results derived from a study of them. But a study of their record of successes and failures, their reasons for adding this or dispensing with that, of adopting this method of instruction or dropping that, not for evaluation but for an understanding of the problem, would throw more light on the matter than a more general discussion. This is what we miss most in the book.

Because the subject of professional training for social work is still so imperfectly worked out, and the space allowed for this review is so brief, it has seemed best to the present reviewer rather to call attention to points where criticism seemed to be called for, than to enumerate the excellencies of a scholarly book, and it has many. But it may be said in conclusion that there is still room for a further study of the problems of education and training for social work, based on a more detailed examination of the central field, a more thorough consideration of the characteristic methods of instruction worked out in modification or development of the standard academic methods and found profitable in preparation both for immediate work in the central field and for leadership.

KATE HOLLADAY CLAGHORN
NEW YORK SCHOOL OF SOCIAL WORK

The Fighting Instinct. By PIERRE BOVET. Translated by J. Y. T. GREIG. New York, Dodd, Mead and Company, 1923.—252 pp.

Is war inevitable, and, if not, how can it be prevented? These are the principal problems which the author attempts to solve, and his answer is given in the form of a general description of the fighting instinct and its modifications. M. Bovet is director of the Jean-

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Jacques Rousseau Institute in Geneva, the purpose of which is to train teachers and promote educational research. Although the discussion of the fighting instinct is very interesting and the applications which are made to education are very suggestive, the value of this work is impaired by the fact that neither the author nor the translator, who attempts to assist the reader in several footnotes, is well acquainted with the work of American and German psychologists.

The author claims that those who have sought an explanation of the recent war in terms of diplomatic and economic history have appealed not so much to the actions of men as to a state of affairs—"as if a state of affairs could ever be an efficient cause!" M. Bovet's analysis is psychological and in terms of inherited tendencies. The general method used is similar to that previously followed by Freud and Trotter. Bovet takes no account of Trotter's panegyric on the herd instinct, but is very friendly to the Freudian interpretation in terms of sex. He discusses the canalization of fighting tendencies into more useful fields of activity, and does not attempt to make fighting the *fons et origo* of all social phenomena.

Like all other "instincts", fighting is subject to the most extraordinary modifications. It becomes socialized and intellectualized, and over and above the struggle for life it is claimed that there is a struggle for the means of life, altruistic struggles also, and struggles for beauty, truth, justice and freedom. The author gives a well-guarded discussion of the points of similarity between fighting tendencies, on the one hand, and religious and sex tendencies, on the other; but he is not so careful in his treatment of the recapitulation theory, the "group mind", crowd behavior, and the habit of imitation. We may point out that the recapitulation theory is true in only a very limited sense. McDougall has only complicated the concept of the *Group Mind* unnecessarily. The author also does not seem to know that Martin has given the best interpretation of the *Behavior of Crowds,* and that Thorndike deserves the credit for criticizing the instinct of imitation.

M. Bovet is at his best in the latter part of the book where he discusses military, moral and pacifist education. The numerous hazards and the unascertained profits of military education are described in a lucid fashion. In the last chapter, on pacifist education, the author follows William James in his search for a moral equivalent of war. Is this "wholesale organization of irrationality and crime . . . our only bulwark against effeminacy"? M. Bovet's general conclusion

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on this matter is as follows: "The pacifist ideal is in the line of human development. . . . It comes naturally to be inscribed in the programme of mankind. Its realization . . . includes . . . a programme of political education rendering effective the control of the anti-social tendencies of the governing classes by the democratic masses; on the other hand, a programme of integral moral education, encouraging the alteration of dangerous forms of the fighting instinct into tendencies that shall be inoffensive (sports), social (civic and knightly service), or moral (monastic and heroic virtues) . . ." (p. 239).

We may point out that comparatively little effort has been expended in trying to find ways and means of carrying out the pacifist ideal. One very simple step would be to eliminate from the history textbooks the material which exalts the martial virtues. Peace itself must be made heroic, and before the torch of war is kindled again the great masses must be thoughtfully advised as to why *they* should fight. This idea is as important as it is simple. It seems that the professional politician can no longer be depended upon to frustrate the lurid phantasmagoria of internecine war, since his chief concern is to promote big business. War has been the last resource of kings, and the "fighting instinct" has been a convenient exoneration or pardon for criminal acts.

The author's intransigent belief that fighting in the crude form is an *inherited* reaction-tendency is far too pessimistic. For example, most of the differences between boys and girls in pugnacity can be very simply explained by the fact that custom makes fighting "manly" for boys but "unladylike" for girls. In spite of the social pressure, however, many boys show very little enthusiasm over fighting, and such a luxury is rare for an adult man. Although the American Indians have the same instincts now as they had when the settlers came, they do not often engage in a brute encounter.

But whatever the inherited disposition of the individual may be, certainly no nation is fitted out with an instinct to declare war on another nation. The use which is made of propaganda especially in times of war, the censorship of the press, the recourse to conscription and the elaborate training of the soldier and the common need for soldiers rather than warriors — all suggest that perverse human nature is not itself the immediate cause of war. Although naturalistic interpretations have become very flexible in recent years, psychology alone is not capable of furnishing either a satisfactory explanation or a simple remedy for such a complicated situation.

HULSEY CASON

SYRACUSE UNIVERSITY

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BOOK NOTES

In *The Fabric of Europe* (New York, Alfred A. Knopf, 1923; v, 260 pp.), which is described as "an historical study of international relations", Harold Stannard, sometime Scholar of Christ Church, Oxford, attempts a synthesis of the causes of the late war and their relation to the peace treaties. The Eastern Question is properly emphasized, but the "Western Question" is also explored, the Germans being held responsible for its existence. The two are linked together by the struggle for the control of the Mediterranean, which is also of vital consequence to Great Britain. The Peace Conference acted wisely in accepting the principle of nationality as the basis of the new Europe and in trying at the same time to find some corrective for it in the League of Nations; its chief mistake was in beginning with the punishment of Germany instead of dealing with the Mediterranean and Turkish questions, a sequence for which the United States is held partly responsible. But if the author speaks of the "considerable inconvenience" (p. 220) caused to Europe by our abstention from the League, he explains it by the fact that American nationalism, which was really born of the war, "is still too recent and too self-conscious to accept the least hint of control" (p. 214); but if Bolshevism really succeeds in challenging nationalism, then the United States can be counted on to enter the League, which, after all, is "neither a world State nor a world judge, but a world jury" (p. 30). Mr. Stannard's view of the present situation in Europe is summed up in the remark that "British opinion, at one time extortionately severe [towards Germany] has now swung to the opposite extreme and become callously lenient" (p. 236). The principal danger for the future is the Slav question, now that the Teutonic barrier is broken, and it is argued that France is trying to forestall the danger by separating the northern Slavs, i. e., the Russians from the other branches of that race, All things considered, the book is full of suggestive ideas for those who are well-grounded in the recent history of Europe, even if some of the guesses have been falsified by the march of events; the independence of the author is attested by the complete absence of references, bibliography, or index.

Christ or Mars, by Will Irwin (New York, D. Appleton and Company, 1923; 188 pp.), is a popular little sketch about the impli-

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cations of modern warfare and their challenge to Christianity. It can hardly be said that it is as effective as his last book which presented startling facts and statistics about *The Next War,* but it does make the reader face clearly the issue as to whether the churches should longer support war itself. He maintains that war no longer has the note of chivalry which somewhat mitigated its past horrors. Today it "trails a vivid Hell of moral dirt". In our time whole populations cannot be made effective supporters of war without psychological artillery, and so we have the installation of "a propaganda of hate". Irwin maintains that it should be impossible for the church to support war because it is un-Christian. It "results in the atrophy of common honesties, decencies and purities; and in the subtle corruption of a whole rising generation." "War ceases to pay", the human loss is incalculable, and, furthermore, it is possible to get an approximation to justice between nations without a resort to arms. The church should be able to kill the war business just as she helped to outlaw slavery. The whole treatment is marred by being too sketchy, by failing to weigh seriously enough the economic and psychologic causes of war, and by being shot through and through with sentimental and emotional appeals without the added strength of careful and measured facts. His fervor sometimes sweeps him into making predictions which are doubtful or create wrong impressions. For example, "If all the Church sects combining with one another and with Judaism on this single issue, should start the work of educating their sons and daughters in the illusion and immorality of war . . . . within twenty years—the job of bringing peace to our world would be done." This is, of course, an easy statement to make, but the fact is that the church is not isolated from the rest of the community. It is extremely difficult for it to take effective action which is not approved by the rank and file of the community outside or to translate that action into wise preventive measures if it does. It is, of course, possible for the church to pass stringent anti-war resolutions in peace time. It remains to be seen how much these will actually accomplish or mean should America again become inflamed with the war spirit. In the judgment of the reviewer, the book would have been much more valuable had it also laid out a careful program for church action looking toward the elimination of the causes of war in addition to portraying its horrors. After all, the crusade against war is essentially an educational campaign, a race between man's intelligence and his greed.

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Freedom of the Mind in History, by Henry Osborn Taylor (New York, The Macmillan Company, 1923; xii, 297 pp.), contains in some measure at least, Dr. Taylor's "interpretation of history". The author is not one of those latter-day thinkers who can find no progress. To him, rather, the whole course of human history has been a sort of onward and upward march, upward from the brutish and vile life of early man or sub-man, onward to the final goal of the human spirit when it shall have attained "eternal freedom" in "affinity to God". Now this progress may be due to a great many factors. Chiefly, though, "it is the achievement of human faculty and the divine power", that is, it is the result of the free action of the human mind sustained by and cooperating with God. Dr. Taylor admits that God only becomes real through faith, that judgments on history are likely to follow temperament as often as the supposed objective facts of history. Still there must be some basis in human experience for such faith and such judgments. It is the purpose of this book to show just what this basis is. The method is to consider first the physical environment and animal antecedents of the race; then, bearing in mind the constant pressure of these factors, to observe the earliest appearance of human faculties, to discuss the question of free will, and finally, having decided there is freedom for the mind, to look for evidences of its action in history. Such examples may be found in many periods and fields, in Greek constitutional history, in the development of Roman law, in the whole history of religion, philosophy and science. Christianity, above all, shows the freest activity of the human mind and makes possible the greatest freedom for the individual. But modern science and philosophy furnish examples almost as good. Such a reading of history leaves the author optimistic as to the future. For "human progress still points onward through the action of the free intelligence, the righteously resolving will, and the ever more enlightened love of God and man . . . . The earth and all its laws is but man's matrix. The physical universe is his discipline and inspiration. His destiny is mind and freedom, and is not bound up in the earth." Those who are as optimistic as Dr. Taylor will doubtless find this book a convincing testimony to their faith.

Professor Charles O. Hardy has now supplemented his text on *Risk and Risk-Bearing* by a book of materials, *Readings in Risk and Risk-Bearing* (Chicago, University of Chicago Press, 1924; xvi, 368 pp.). For teachers who have adopted the organization of subject matter which the University of Chicago is trying to extend,

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these materials will prove an indispensable aid in making the study of the original text less theoretical. And those teachers who cannot use the book in its entirety will find a remarkably varied and interesting set of readings drawn from a wide range of authors, and treating all the numerous business problems where the element of risk is the dominant one.

Encouragement alike for the student of history and for the newspaper worker is found in Casper S. Yost's *Principles of Journalism* (New York, D. Appleton and Company, 1924; ix, 170 pp.). Short as is the volume, it would be difficult for the most captious critic of the press to name any fundamental principle for the conduct of a newspaper not enunciated by the author. So many books have been published concerning technical journalism that the reading public may well be pardoned if it comes to think that journalism is exclusively a matter of headlines and paragraphs. Added emphasis is given this opinion by the comparatively small number of books as yet published that deal with the press. The distinction is perhaps not generally made between journalism proper that is concerned with a process and the press, a result of that process. Mr. Yost does not recognize this distinction in his title, but it is in effect made on every page of the book itself. It is less a textbook to be used by technical journalists than a discussion of the principles underlying the best newspapers of the time. As such it should be read by every unthinking skeptic who believes that the press is collectively and individually bent on perverting the news and on making the worse appear the better reason. It should also be read by every unthinking newspaper man whose chief concern with the newspaper is bounded by the scoop, the headline, the "make-up" and the "human interest" story.

The practice of placing a classical line or two on the title-page is another one of the good things of the past which scholars are abandoning. Those bits of Latin and Greek served, more often than not, to illustrate aptly enough the author's approach to his subject. Thus, the point of view of Professor W. Alison Phillips's *The Revolution in Ireland: 1906-1923* (New York, Longmans, Green and Company, 1923; xvi, 327 pp.) is so well expressed in his quotation from Seneca on the title-page—"There are certain crimes which are rendered respectable by success"—that Mr. Phillips might have spared himself the trouble of writing a preface. In the last ten years historians have frequently set themselves the task of interpreting the course of recent events with a view to guide public judgment on pending

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problems. Professor Phillips seems to have assumed the task of writing the *exposé des motifs* of a solemn decree of execration to be launched against those members of the Liberal and Coalition governments who had anything to do with Irish affairs from the accession of Campbell-Bannerman to that of Baldwin. Lloyd George is but the principal among a formidable roll of villains; and amid the pall of universal gloom, ineptitude, disloyalty and perverseness, few congenial features other than those of Carson and Greenwood can be made out by Professor Phillips. As his main interest has been in English party politics so the author's sources are chiefly English. There were at his disposal, no doubt, many of the Irish sources so painstakingly utilized by Professor Goblet in his *L'Irlande* (1921), but Mr. Phillips was not interested in what the "disaffected" elements thought or wrote. The introductory chapters represent the stalest sort of encyclopedic compilation. The author dislikes the Irish people as a whole nearly as much as he does the action of Liberal politicians in distributing President Wilson's speeches "on the theme that all Governments derive their just powers from the consent of the governed". Two things might be said to justify classification of the book as slightly better than a tiresome political jeremiad. In the first place, the author ponderously hints at a possible connection between the sudden decision of Lloyd George in June-July, 1921, to negotiate with De Valera, and the exigencies of British world policy; but he just stops short of suggesting that the decision was due to a realization in London, as soon as the Washington government had issued its invitations to the conferences on the limitation of armament and Pacific problems, that decks must be cleared of all awkward controversies at once. The other interesting point is that Mr. Phillips thinks the London Agreement of December, 1921, decisively terminated, in point of fact, Ireland's attachment to the British crown, and he inclines to express regret that the fact was not then and there formally recognized, as he indicates must be the case before long to the sorrow of all concerned.

Dr. W. Reed West's volume entitled *Contemporary French Opinion on the American Civil War* (Baltimore, The Johns Hopkins Press, 1924; viii, 159 pp.), is a study based on the principal French newspapers, the debates in the legislature and the opinions of observers representing both the Union and the Southern Confederacy. The author in his preface gives reason for publication by stating that the development of English opinion during the period is fairly well known in its outline, but that the French phase has suffered com-

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parative neglect. In fact those who are familiar with English opinions will find the well-known arguments of English adherents of the Northern or Southern cause, reappearing in French newspapers with a great degree of exactness. John Stuart Mill contrasted the French and the English attitude by declaring that all liberal Frenchmen seemed to have favored the North from the first, and the *Spectator* thought that the cultivated portion of English society had more sympathy with the slave power than the cultivated portion of French society, but Frenchmen as a nation, like Englishmen, seem very early to have favored the North because of the slavery issue, and later to have become very much divided, with the pro-Southern group not disposed to look upon slavery as the important question. Since the author uses French and American sources for the study, the English periodicals of the day are seldom quoted. English papers, however, did attempt to interpret Franco-American relationships, and, mindful of England's problem in Lancashire, were interested in discussing the attitude of the French working class and the French economic difficulties. The *Saturday Review* (February 8, 1862) commends the poor—especially the poor of Lyons who, it claims, were as severely tried as the poor of any town in the North of England—because they did not complain against neutrality: "No people are more capable of appreciating a great political principle, or suffering, when upheld by an appeal to their honor and generosity, than the better sort of French artisan." The *Westminster Review* (July, 1863) tells its readers how the unemployment problem was being solved for Normandy. And the London *Times* and the *Economist* frequently referred to the French economic problems which had their origin in the Civil War. Indeed a more detailed treatment of the economic conditions of the day as well as a more complete account of the diplomatic phases of Franco-American relations may be desired in future studies as an addition to the interesting and carefully planned account of newspaper opinion given us by Dr. West.

Facts concerning the world-wide activities of organized labor as an economic, social and political force during the past two years have been compiled by the Labor Research Department of the Rand School of Social Science and recorded in a well planned and succinctly written volume, *The American Labor Year Book, 1923-24* (New York, Rand School of Social Science, 1924; 548 pp.). While the major emphasis has been placed on trade-union organization, labor disputes, labor politics and labor legislation in the United States, perhaps the most valuable portions of the work as a reference-

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book are those sections devoted to the status of trade-unionism, co-operation and political parties affiliated with labor abroad, which contain much information not readily accessible elsewhere. Detailed data on the international relations of labor throw light on the multitude of lesser known political and trade-union organizations of world-wide scope, as well as the work of the International Labor Office of the League of Nations. Among the most interesting chapters in the volume are those outlining the history and progress of labor banking and workers' education, the newest developments in the American labor world.

A monograph on *The International Aspects of the Shantung Question,* by Wilson Leon Godshall (Philadelphia, University of Pennsylvania, 1923; 172 pp.), consists of six chapters. The first, of an introductory nature, entitled "Foreign Encroachments in China", comprises more than one-third of the work. The remaining chapters deal with the province of Shantung: Shantung, 1914-1919, Shantung in the Peace Negotiations, Shantung in the Disarmament Conference, and a conclusion. There is a biblography, but no index or maps. As this study has been presented as a Doctor's thesis in political science, the ordinary tests of careful workmanship may fairly be applied to it. But on every count, whether it be thoroughness or accuracy, or judgment, the thesis falls far short of what should be a minimum standard of excellence. As a list of *errata* is tipped into the volume there can be no excuse for the glaring errors which mar page after page of the text. A mere reading of the thesis has revealed seventy-seven errors, ranging from incorrect dates, misspelled proper names and inaccurate citations (the citations on page 31, for example, contain six mistakes), to statements such as that the American Open Door notes of 1899 were issued in connection with the Boxer negotiations of 1900-1901 (p. 61), and that China was at war with Germany in 1915 when the twenty-one demands were presented by her "ally" Japan (p. 121). In the bibliography twenty-eight additional inaccuracies were noted. Perhaps a fair indication of the familiarity of the author with his material may be found in the *errata.* There he asks the reader to change the spelling of "Wai-wu Pu" on pages 73 and 106 to "Wai-pu Wu." "Wai-wu Pu", however, happens to be the proper way to spell the name of the former Chinese Foreign Office. Evidence of inadequate investigation, the careless use of materials and hastily drawn conclusions, may be found on almost every page. In its present form this thesis should never have been printed. (P. J. T.)

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The boundless pretentiousness of the modern writer of advertising copy is taking him into ever larger fields of endeavor. There is a rapidly increasing number of books which combine the superficial drivel of the professional interviewer with the inveterate cheerfulness of the travel-agency folder, without, indeed, the brevity and relevancy of the latter. Mr. Clayton S. Cooper has uttered such a volume under the title *Understanding Italy* (New York, The Century Company, 1923; xvi, 306 pp.). The friendliness of Mr. Cooper towards Italy and the Italian people is not only repeatedly declared, but also shows itself throughout his text. Yet however much he may understand Italy, there has clearly not been conferred on him the gift of making others understand Italy. The institutional, social and intellectual life of the Italian people certainly comes within the minimum number of aspects to be studied in order to understand Italy; but Mr. Cooper has confined himself to outstanding events in the recent development of the Fascist movement so far as political and institutional problems are concerned, and copious quotations from the poets on the beauties of Italy and the Italian soil. Some economic discussion is presented, and several chapters interestingly recite trade and industrial figures and developments to the end of 1922. The best chapters in the book are those which deal with the emigration problem. It is needless to say that there are neither bibliographical nor critical references. The index is fair; the map is useful, and the illustrations are clear and well selected. If the author had modestly entitled his volume "A Few Notes on Italian Commercial and Industrial Questions", and had rigorously confined himself to a hundred pages on that topic, he would have served himself and his readers much better.

The need for good books on Siberia, particularly on its economic features and possibilities, has long been felt, not only by scholars, but also by business men interested in the commercial and industrial development of the Far East. *Siberia's Untouched Treasure; Its Future Rôle in the World,* by C. G. Fairfax Channing (New York and London, G. P. Putman's Sons, 1923; xxv, 475 pp.), goes but a very short way towards filling this need. The book is a distinct disappointment and the title is thoroughly misleading. Only Part III (pp. 311-449) treats at all of Siberia's resources. The rest of the book is taken up with a long exposition of the author's opinions regarding the present condition of the world and the prospects of perpetual peace on the one hand, and with a narrative of his experiences as an officer with the American Expeditionary Force on

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the other. All the way through the book shows unpardonable haste in composition, not to say lack of grasp of the real problems. One can hardly call Mr. Channing's view of world politics more than naïve. He considers his own country the very acme of perfection, "the true gentleman among rowdies, a Madonna among Amazons", and strongly urges that it is our duty "not to change our ways but to continue in them", for the salvation of the world can come only if all nations follow our lead: "The conscience to do right, which we have inherited, will be the Great Example that all men must follow and want to follow"; "We have only to obey our own advanced impulses of fair play, and, as the years roll by, the spirit will spread like the plague." This is the gist of the author's political creed, and it is variously developed through a hundred pages. But even the tracing of this idea does not save him from countless contradictions and from endless digressions. One may expect to find almost anything—the dangers of monarchy, Mussolini's policy, the Alsace-Lorraine problem, the evils of the Old Diplomacy, the Japanese menace—discussed in the jumble of thoughts that follow each other promiscuously. The second part, a narrative of personal experience, is more interesting, but is equally lacking in sequence or coherence. And after all, it is no more important than the hundreds of similar accounts poured from the press since the armistice. Indeed, Mr. Channing's story is less thrilling and fascinating, less ably told than many others which might be mentioned. Exception may also be taken to the last part of the book, which alone discusses the question, "Where Siberia's Wealth is Actually Found". In the first place, the maps in the book indicate than Mr. Channing understands Central Asia to be a part of Siberia. As a result he speaks of Siberia as extending as far south as Alabama, and with perfect equanimity includes the cotton and tobacco of Central Asia, to say nothing of the oil of the Caucasus and even the salt of the Ukraine in his discussion of Siberia's resources. The casual reader is thereby led astray. In fact there are many ways in which this book is misleading. The map comparing the area of Siberia with the areas of the United States, Spain or Italy are all on the Mercator projection and hence do not give an accurate idea of comparative size. In the same way the reader is led by the author's statement that he has been in "all parts of Siberia" to believe that the facts and figures adduced are all based on personal observation. As a matter of fact there is no evidence in the book that the writer has seen more than parts of Sakalin and southwestern Siberia as far as Lake Baikal. Al-

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though he rails at the stories of extreme temperatures and would have us believe that most of the great explorers were nature fakirs, the cautious reader will prefer to rely on the official statistics. Taken by and large there is hardly more *raison d'être* for this third part than for the other two. Even the moderately well informed have long known that southern Siberia is perfectly livable and that it enjoys considerable possibilities. Figures to bear this out can be easily found in any good reference book. There is no need of spending the money or wasting the time in plowing through the mass of confused figures and data of this very unsatisfactory book. (W. L. L.)

A series of lectures by Mr. E. A. Horne of the Indian Educational Service, delivered at Harvard during the spring of 1921, has been expanded and published under the title, *The Political System of British India* (Oxford, The Clarendon Press, 1922; 184 pp.). The book is intended primarily for the use of students and is concerned mainly with the recent Indian constitutional reforms. A brief general survey of conditions in India is followed by an historical sketch of political and constitutional developments prior to the World War and an outline of proposals for constitutional reform during the War. An excellent account is then given of the reformed constitution, and a concluding chapter considers "The Menace of the Revolutionary Movement". "The revolutionary Nationalists", the author writes, "contemplate an India, not merely freed from all constitutional ties with Great Britain, but emancipated from all Western influences. India's economic salvation, according to this cult of Nationalism, depends on a return to the primitive spinning-wheel; only by clothing herself once more in universal homespun can India throw off the domination of Western capitalism . . . . India's spiritual salvation, . . . her deliverance from the snare of Western materialism, is to be accomplished only by purging the educational system of all its foreign elements, including the use which is made at present, in the higher branches of education, of the English language." For the Moderates, on the other hand, "India's political future lies, not in isolation, but in a union, based on free and equal partnership, with the other peoples which make up the British Empire", and her "economic and spiritual future as a nation lies, not in plunging back into mediævalism, but in boldly embracing progress on Western lines". The author makes no secret of his belief that orderly evolution toward complete self-government depends upon the Moderates and their ability to convince the masses of the worth of their cause.

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In spite of the importance of the West India colonies in the old British Empire very little attention has been paid to their constitutional and administrative development. In *The Colonial Agents of the British West Indies* (London, University of London Press, 1924; vii, 318 pp.), Miss Lillian M. Penson presents the results of her fruitful investigation of one phase of this subject. Her volume appears as a thesis approved for the degree of doctor of philosophy in the University of London, the research having been carried on under the direction of Professor A. P. Newton. It is based almost entirely upon primary sources, including the private papers of West India agents, government archives in the Public Record Office in London, and records of West India planters' and merchants' associations in private hands. Apart from the documents in the archives of the West India colonies the author seems to have left no important class of sources unused, and, as she observes, a good deal of the material that would have been found in the islands was accessible to her, in duplicate, in the Record Office. In addition to giving an admirably clear and well balanced account of the West India agencies, this study throws much light upon the organization and sources of influence of the powerful West India interests in London. Appendices contain a list of the names of the West India agents, a series of documents to illustrate the history of the agencies and a valuable note on authorities.

Mr. J. A. R. Marriott, formerly a lecturer on economics at Wooster College, Oxford, and very recently a member of Parliament, has written a singularly attractive work on economics in its ethical aspects, under the title: *Economics and Ethics: A Treatise on Wealth and Life* (London and New York, E. P. Dutton and Company, 1923; x, 293 pp.) There is, indeed, nothing that is really new in the entire book, but it is well knit together and couched in an admirable style. Mr. Marriott knows his economics and believes in it and is well aware of the dangers of sentimentalism; but he loses no opportunity of calling attention to the ethical implications of economic doctrines. His general point of view can best be put in his closing sentences: "Between the laws of life and the precepts of morality there is, in the last analysis, no contradiction; but ethical practice is conditioned by the operation of economic law and in the one case as in the other, the wages of disobedience is death." The book will be found interesting not only by the average man but also by the professional economist, and ought to have a wide circulation.

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The wide extension of instruction in economics in recent years has led to the writing of a number of elementary text-books on that subject. *Economics for Everyman* by James E. LeRossignol (New York, Henry Holt and Company, 1923; 335 pp.) is a recent addition to these introductory treatises. In this book Dean LeRossignol has attempted to cover, within the compass of some three hundred pages, most of the divisions of economic science, and, of necessity, the treatment has been sketchy. Much, possibly too much, has been sacrificed to simplicity of presentation. The book is clearly written and well balanced, with an orderly and logical arrangement of subject matter, and should be suitable for elementary instruction in economics. A defect of some importance is found in an occasional lapse into a form of moralizing. Objectivity is a prime virtue in the analysis and explanation of economic institutions and economic behavior, particularly in a book designed for beginners. It seems unfair for an author to present growing minds with cut-and-dried opinions as to what is good and what is bad in the social structure. An open, questing and inquiring habit of mind is not encouraged by the study of copy-book maxims. Such moral judgments and personal opinions do not abound in this work, but their occasional presence serves to mar somewhat a clean-cut and readable book.

The organization of the Federal Reserve System solved the major problems that had arisen in connection with the organization and administration of our commercial banking machinery. General investment banking has developed under stress of market competition so that in the field of industry the problems awaiting solution are not of major proportions. But the whole field of rural credit both for long-time and short-time purposes bristles with difficulties. Some advances have been made but thus far only a beginning in actual accomplishment can be claimed. Hence the fullest discussion of the subject is desirable. A valuable contribution to such discussion is found in *Farm Credits in the United States and Canada* (New York, The Macmillan Company, 1924; xv, 406 pp.). The author, James B. Morman, is the economist of the Federal Farm Loan Board. His survey of actual accomplishment in America is complete and authoritative. This accomplishment he reviews from the legislative, the financial and the economic points of view. Beyond a slight emotional taint in discussing the needs of the future there is nothing to mar the book's general excellence.

Investment consists substantially of estimating risks in the commitment of capital. The investor must know, however, wherein the

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risks lie in order to estimate them. Henry S. Sturgis in *Investment: a New Profession* (New York, The Macmillan Company, 1924; xi, 210 pp.) points out a risk which lies in the special interest of the investment banker who, having goods to sell, may not be the best adviser. Mr. Sturgis does not make the recommendation that at least one review has credited him with, of investment counsel who have nothing to sell and subsist, not on profits, but on fees for service. Rather he advocates certain changes in the methods of business as carried on by the present agencies. His constructive criticism discloses an intimate knowledge of "the street" which helps make the book interesting reading. The proposals for changes in the methods of investment banking, which apparently lie back of the not strictly accurate phrase "a new profession", form only part of the book. The rest, and in space, though perhaps not in interest, the greater part, presents the avenues of approach in reaching investment conclusion. These chapters are along broad lines and full of suggestions stimulating to thought.

So many studies of the recent tendencies towards industrial consolidation have been dominated by socialistic thought that special significance attaches to the presentation of Professor Robert Liefmann's views in the essay now available in French under the title *Les Formes d'entreprises* (Paris, Marcel Giard, 1924; viii, pp. 287). His study brings him to conclusions that diverge widely from views currently held in respect to the significance of the recent development towards nationalization. The differences in the appeal of the four chapters to the reader's interest perhaps make it difficult to appraise the book as a whole, for the fourth chapter, on public enterprise and socialization, commands much more attention than the earlier chapters on the family as an enterprise, the enterprise as a company, cooperative societies. These earlier chapters, too, suffer from undue compression. The fourth and last chapter is concerned with the question of the relation of socialism to private enterprise, and most especially with the influence of state control of particular industries upon the existing social system. In his opinion, state ownership even of a large group of industries would produce little real change in present conditions, unless accompanied by radical revision of the entire system of distribution. He feels that the socialists cherish illusions about the importance of the ownership of the instruments of production, and that they do not sufficiently emancipate themselves from the gain-seeking attitude which they criticise in the capitalist. The workers propose to sell their labor at the highest

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price in the socialized industries, no less than in those still under the competitive régime. A number of branches of production can remain outside the competitive system without changing the general tone or structure of social life. Wages and other returns will, in such cases, be determined by imputation. Competitive gainseeking remains the essential principle of social organization. Professor Liefmann has little patience with the recent type of collectivism which hails as a new economic order vast hierarchies of autonomous councils: "It would lead to the making of many speeches, no doubt, but the needs of economic life would be sadly neglected." There can be no socialistic revolution until some genuinely new system of distribution is evolved, and of this he sees no present likelihood. Proposals made thus far are either hopelessly crude inventions or pale reflections of existing conditions.

In *The Cooperative Marketing of Farm Products* (Philadelphia, J. B. Lippincott Company, 1923; xiii, 292 pp.), Professor O. B. Jessness has discussed the subject from the standpoint of both theory and practice. After giving in chapter i a brief outline of the fundamentals of cooperative marketing he devotes some ten or eleven chapters, or about two-thirds of the book, to a description of marketing processes as practiced in the work of marketing the leading commodities so handled. These discussions include the cooperative marketing of grain, butter, cheese, milk, live stock, vegetables, fruit, wool, poultry and eggs and the like. The latter part of the book deals in part with the underlying principles and the functions involved in the marketing process. One of the best chapters in the book is the one dealing with farmers' monopolies. In this the author analyzes the subject in a satisfactory manner, and supports the findings by the use of some of the best of available facts. The conclusion is the inevitable one that farmers cannot organize and operate monopolies in farm products. The relation of farmer companies to anti-trust laws is given considerable attention and is well handled. The book is a sane presentation of an important subject. From the standpoint of a class text it probably contains rather too much descriptive matter in proportion to discussion of principles to meet with the greatest success. Even so it is a valuable contribution.

The trend of managerial interest in conscious training for industrious leadership is reflected in Mr. Daniel Bloomfield's newest compilation, *The Modern Executive* (New York, H. W. Wilson and Company, 1924; xviii, 266 pp.). As in his previous compilations, Mr. Bloomfield has shown no little industry in bringing to-

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gether the currently available material. It has to do with different phases of the work and training of the executive. The limitations of the volume are undoubtedly due not to the editor's selections, but to the lack of better material from which to select. There is, for example, no adequate analysis of what leadership is, what its psychological elements are, what its relation to "executive ability" is and the like. Inevitably the inspirational treatment tends to come to the fore. Also there is too little emphasis upon the need for an intimate objective study of the nature of the work of executives of large affairs in the light of which knowledge there could be gained some better understanding of the intellectual and emotional qualifications for successful executive work. No doubt the present-day emphasis upon the need for leadership will be fostered by this volume and more penetrating scientific study should result. (O. T.)

Professor Henry Post Dutton's justification for adding to the growing literature of text books on factory management is that he feels the need of "a balanced description of the operations of the various departments of the factory, to show their relation to each other and their problems as part of the greater problem of coordinating all activities of the organization toward the accomplishment of the single general purpose." In *Factory Management* (New York, The Macmillan Company, 1924; vi, 329 pp.), the author has been measurably successful in the accomplishment of his purpose, although he has so rigorously limited himself in the size of his entire book, that only the most general introduction to the subject is secured. The desire to give a picture of the operation of the factory as a whole has resulted in a study which is comprehensive and suggestive; and yet the special topical chapters are treated with a thoroughly satisfactory technical grasp. For a short and simple introductory course in factory management, the book will be a useful one. (O. T.)

A thoroughly conventional discussion of foreign trade is Avard Longley Bishop's *Outlines of American Foreign Commerce* (Boston, Ginn and Company, 1923; vii, 320 pp.). A chapter setting forth the commonplaces of trade theory is followed by others giving descriptive data on our natural resources and industries, exports, imports, transportation, marine insurance and trade promotion and financing, with a final harmless summary on commercial policy. It is to be hoped that it will serve the purposes of the two classes for whom it was written, namely, mature beginners in the study of foreign commerce, and business men interested in the foreign field.

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Certainly it will not excite them greatly, nor will it add much to the knowledge of any serious student.

According to the author's statement in the preface, the purpose of *Foreign Trade Markets and Methods* by Clayton Sedgwick Cooper (New York: D. Appleton and Company, 1922; xv, 440 pp.), is to present "the how" and "the where" of foreign trade. In the first part, chapters i-xv, pp. 1-259, a great variety of topics are discussed, including the following: foreign salesmanship as a career, export advertising, training for foreign commerce, American shipping and our merchant marine, marine insurance, cables, financing foreign trade, importance and advantages of knowing commercial languages, definitions of foreign trade terms, the house organ in foreign trade, newspapers and periodicals as foreign trade builders, diplomatic and consular service. In the second part of the book, chapters xvi-xxviii, pp. 259-420, the author takes up the leading world markets and analyzes the approaches and particular methods suitable for trade with each country. A concluding chapter is entitled: "Carrying American ideals along the routes of world trade". Sixteen full page illustrations are distributed through the text. The book is not a treatise on foreign trade such as have been written recently by Litman, Griffin and others. It is rather a popular presentation of the topics indicated above, in the style of popular travel writers like Carpenter, entertaining and informative, and well suited to attract the attention of readers who are interested in a more general way in some of the outstanding phases of American foreign trade rather than in a systematic study of the theory and practice of foreign trade.

The Labour Theory of Value in Karl Marx by H. W. B. Joseph (New York, Oxford University Press, American Branch, 1923; vii, 176 pp.) is more than an analysis of the Marxian argument in regard to an absolute measure of value. It is one more refutation and denunciation of the great Socialist's theory that the "exchange value of commodities arises from and is to be measured by the labour put into them, and that labourers under the capitalistic system are exploited, because the commodities which they receive in return for their labour embody less labour than what they exert, and are therefore of less value than what they have created." Mr. Joseph is aware that this doctrine has been successfully challenged by competent economists, but he finds that it is still widely accepted by the laboring classes, who have made it the basis for several schemes of reform. His purpose, therefore, is to win converts, not to preach to the converted. In seven brilliantly written chapters, which are adap-

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tations of lectures delivered at Oxford in 1913, the author carefully states Marx's theory and formulates the argument against it. From the pages of *Das Kapital* he draws the conclusion that the "conception of homogeneous human labour" is the central principle of the labor theory of exchange-value. Accordingly he devotes considerable space to a discussion of the idea that different kinds of labor, skilled and unskilled, can be translated for purposes of measurement into units of "simple human labour". Having demonstrated that there is no fixed standard whereby the value of man's toil may be gauged, since labor like commodities has value only when it is wanted, Mr. Joseph turns to a consideration of whether the exchange-relations of commodities accord with the relative amounts of labor that have gone to their production. He comes to the conclusion that the value of goods has not been and ought not to be proportionate to the human effort involved in preparing them. While he admits that in the distribution of material rewards the worker has not always received a fair share, he believes that Marx's theory only stands in the way of that good-will and understanding needed if the economic system is to be hopefully amended. He appeals to those who now accept the labor theory of value to forsake the error of their way. Throughout his book the author is inclined to defend the essential features of the capitalistic system against all criticism. One doubts, therefore, whether he will win many converts from the ranks of the unconvinced.

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